A2665-14 9/83

Date	SC	Refer	
00520-000			ACCUM D
03/31/83	J1	102	Bal
00523-000			EQUIPM

Date	SC	Refer	Desc
00141-000			OFFICE EQUIPMEN
			Balance For
			Total O
00143-000			INSURANCE
			Balance F
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00144-000			EQUIPME
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00228-0(			

1982 COST OF DOING BUSINESS SURVEY

COST OF DOING BUSINESS SURVEY

Prepared for —
American Rental Association
1900 - 19th Street
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July, 1983

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There were 381 respondents to the 1982 *Cost of Doing Business Survey*, and they reported total revenues of $286 million. The distribution of respondents, by revenue group, was:

	Number of Respondents			
Revenue Group	1982	1981	1980	1979
0 to $100,000	26	20	22	26
$100,001-$200,000	62	53	58	73
$200,001-$500,000	137	131	141	131
$500,001-$1 million	88	63	62	68
Over $1 million	68	62	74	61
Total Respondents	381	329	357	359
Total Revenues (millions)	$285.9	$242.0	$296.8	$253.2

Figures 1 and 2 show sources of revenues and expenses for all respondents. Figures 3 and 4 show the ratio of operating profit to gross operating profit for 1979-1982 by size, source of revenue and type of equipment rented.

Profitability

The overall profitability of rental firms was down again in 1982 following below average years in 1980 and 1981. Return on investment (pretax income ÷ net worth) was 11.4 percent in 1982 versus 16.5 percent in 1981 and 19.2 percent in 1980. In 1979, this figure was 32.8 percent!

Total reported profits among the 381 respondents was $11.0 million in 1982. This compares with $12.1 million (329 firms) in 1981.

Return on revenues was also down in 1982 averaging only 3.9 percent; this compares with 5.0 percent in 1981, 5.8 percent in 1980 and 10.4 percent in 1979. The 1982 figure was the lowest reported in the 12 years the *Cost of Doing Business Survey* has been conducted.

Profitability related to size of firm. Firms in all five size categories did report profits in 1982 although profits were down, especially for the larger firms:

Size of Firm (Revenues)	Average Pretax Earnings 1982	1981	1980
Under $100,000	$ 1,220	$ 320	$(1,950)
$100,001-$200,000	2,610	5,900	9,800
$200,001-$500,000	13,700	18,400	20,900
$500,001-$1 million	37,100	48,400	47,200
Over $1 million	83,500	102,300	147,200
Average	$28,900	$36,800	$48,400

Return on investment (ROI) was highest for firms in the $200,000 to $1 million in revenues range (11-13 percent). Firms in the over $1 million category dropped from 15.0 percent in 1981 and 19.3 percent in 1980 to 10.9 percent in 1982. In the 1978-79 period, larger firms earned 36.7 and 35.1 percent.

Profitability related to source of revenues. As in the previous two years, firms predominantly in the rental business (70 percent or more of revenues from rentals) performed better than firms relying more on sales. ROI for both groups was down over prior years. Return on revenues were 5.0 percent for rental-oriented firms versus only 2.4 percent for those more oriented toward sales.

In aggregate terms, the retail-oriented firms averaged profits (pretax) of $29,300 while the sales-oriented firms were slightly less ($27,900). Both groups were down substantially from earlier years.

Profitability related to type of equipment rented. ROI was down in 1982 for firms in construction, industrial and general rental. Firms in construction and industrial earned an average 11.7 percent ROI (pretax), down from 17.5 percent in 1981 and 19.6 percent in 1980. General rental firms, as a group, had the lowest average ROI at 9.7 percent while the medical-party, audio-visual group averaged 17.1 percent, the same as in 1981.

Profitability related to regions. There were several significant changes between 1981 and 1982:

Region	ROI in 1982	ROI in 1981
Eastern (#2)	10.1%	1.4%
Midwest (#6)	4.0%	14.9%
Pacific (#9)	Loss	9.8%
Canada (#10)	8.1%	46.0%

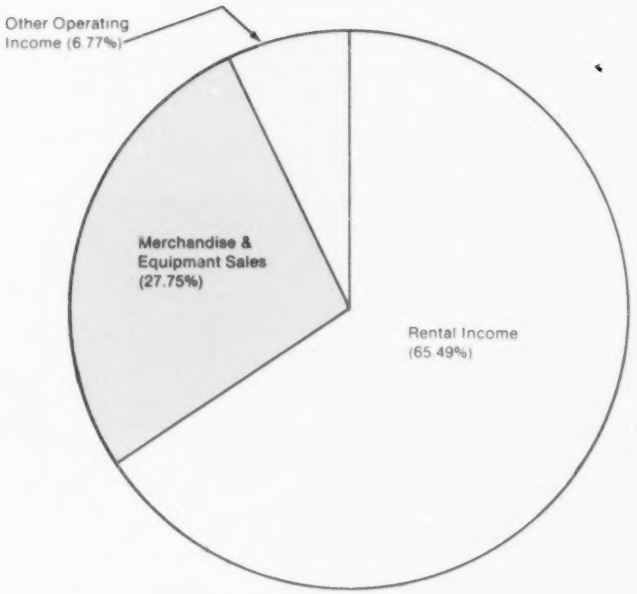
Firms in the Southwest Region had the highest ROI—21.8 percent—closely followed by the Northeast (20.9 percent).

Expenses

The labor component of expenses (salaries, wages and fringe benefits) continued to increase in 1982:

Year	Labor Component ÷ Gross Operating Profits
1982	39.7%
1981	38.0
1980	36.7
1979	35.3

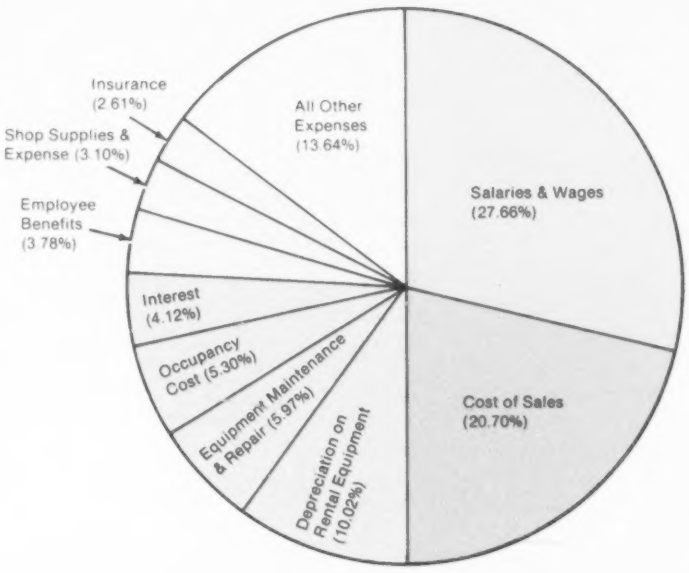
Interest expense was off in 1982—5.2 percent versus 5.7 percent in 1981. Occupancy costs were the highest in 1982 that they have been over the past four years—6.7 percent.



Financial Condition

Despite below average revenues and profits in both 1981 and 1982, there was a slight improvement in the financial condition of the rental firms responding to the 1982 survey. In proportion to revenues, net rental investment (after accumulated depreciation) was down, the collection period on receivables was lowered, and the average current ratio was up to 1.4 (1.3 in 1981). Rental revenue to equipment cost remained nearly constant at .85 times, and rental revenues to net rental investment increased, indicating a good job of controlling investment in new equipment. Merchandise inventories were up to 12.1 percent of assets versus 10.8 percent in 1981 and 12.4 percent in 1980.

On the liabilities side, accounts payable were 6.0 percent, up slightly. Long-term debt was 26.6 percent, down from 27.2 percent a year earlier. Net worth was 46.5 percent, up over the corresponding 1981 figure of 43.2 percent.



Other Financial Indicators

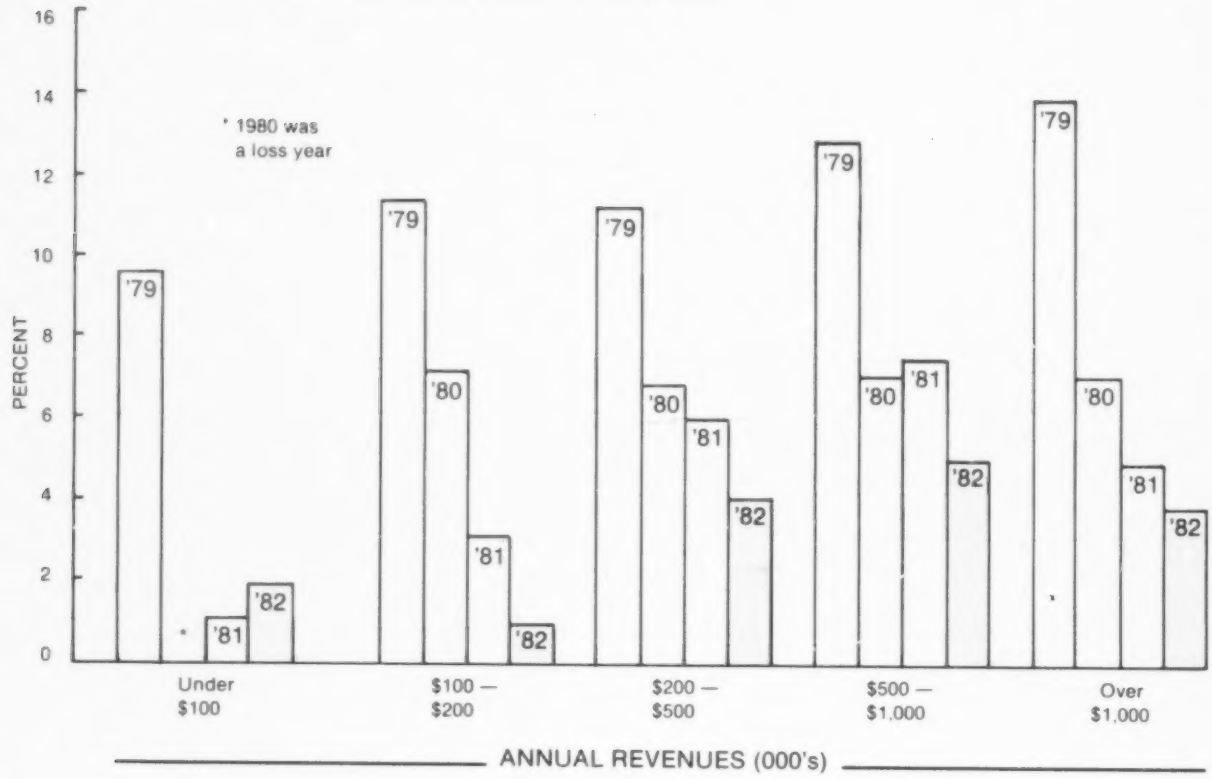
Proprietors' salaries and drawings for those firms reporting averaged $36,500 in 1982; this compared with $37,400 in 1981, $42,200 in 1980 and $35,700 in 1979.

Yellow page advertising averaged $7,400 per firm in 1982. This compared with $5,600 per firm in 1981.

Other Comments

More detailed tabulations for firms in each major rental category are available through the respective councils.

BBC thanks the 381 firms responding for 1982, the highest response ever.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PERCENT
* 1980 was a loss year
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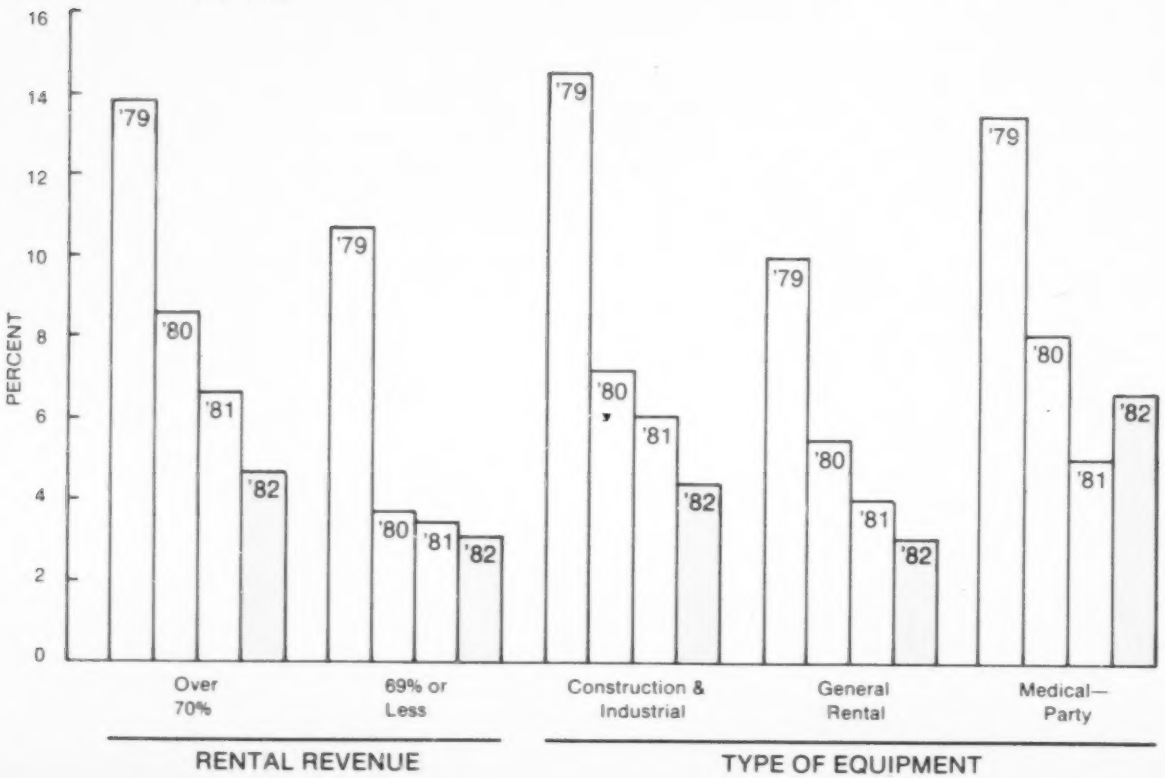
Under $100
$100 — $200
$200 — $500
$500 — $1,000
Over $1,000
ANNUAL REVENUES (000's)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'80
'81
'82
Over 70%
69% or Less
Construction & Industrial
General Rental
Medical— Party
RENTAL REVENUE
TYPE OF EQUIPMENT

SECTION 1. FINANCIAL DATA FOR ALL RESPONDENTS

The 381 responding firms had average revenues of $750,462, up two percent from the $735,655 reported in 1981.

Key financial ratios for 1982 and three prior years are shown below. The ratio of rental revenues to the original cost of equipment rented was presented last year for the first time, and is not available for all previous years.

FINANCIAL RATIOS	1982	1981	1980	1979
CURRENT RATIO (current assets ÷ current liabilities)	1.4	1.3	1.2	1.3
ACID TEST RATIO (cash, marketable securities and accounts receivable ÷ current liabilities)	.78	.78	.71	.80
RETURN ON INVESTMENT (net income before taxes ÷ net worth)	11.4%	16.5%	19.2%	32.8%
RETURN ON TOTAL ASSETS (net income before taxes ÷ total assets)	5.3%	7.1%	7.9%	14.4%
RETURN ON REVENUES (net income before taxes ÷ revenues)	3.9%	5.0%	5.8%	10.4%
AVERAGE COLLECTION PERIOD (accounts receivable ÷ average daily revenues)	32 days	35 days	37 days	35 days
PROFITS ON RENTAL INVESTMENT (net income before taxes ÷ net rental equipment)	12.0%	15.6%	16.8%	29.1%
TOTAL REVENUES TO RENTAL INVESTMENT (total revenues ÷ net rental equipment)	3.12 times	3.11 times	2.89 times	2.81 times
RENTAL REVENUES TO RENTAL INVESTMENT (rental income ÷ net rental equipment)	2.05 times	1.97 times	1.86 times	1.95 times
RENTAL REVENUES TO EQUIPMENT COST (rental income ÷ cost of rental equipment)	.85 times	.87 times	.86 times	NA

Shown below is a table containing the ratio of major expenses and net operating profit to gross operating profit for all respondents:

PERCENTS OF GROSS OPERATING PROFIT:				
Salaries & Wages	34.9%	33.4%	32.4%	31.1%
Employee Benefits	4.8	4.6	4.3	4.2
TOTAL	39.7	38.0	36.7	35.3
Depreciation (All)	14.7	15.1	15.3	14.4
Occupancy Cost	6.7	6.1	5.5	5.4
Equipment Maintenance & Repair	7.5	7.8	7.7	8.6
Interest	5.2	5.7	5.1	3.5
Advertising & Promotion	2.7	2.6	2.4	2.2
Insurance	3.3	3.4	3.6	3.8
Shop Supplies & Expense	3.9	4.3	4.4	3.2
OPERATING PROFIT	3.9	5.5	6.9	12.9

Table I-1 reports income and expense on an aggregated basis for all firms responding in 1979 through 1982. Table I-2 contains more detail on expenses, and Table I-3 presents balance sheets for the four years.

TABLE I—1. SUMMARY OF INCOME AND EXPENSE, ALL RESPONDENTS

Income & Expense Categories	1982 Dollars	1982 Percent of Total Income	1981 Dollars	1981 Percent of Total Income	1980 Dollars	1980 Percent of Total Income	1979 Dollars	1979 Percent of Total Income	Insert Your Own Figures Here
Rental Income	187,241,384	65.49	153,080,509	63.25	190,670,176	64.25	175,746,168	69.42	
Merchandise & Equipment Sales	79,334,629	27.75	71,138,773	29.39	86,357,773	29.10	69,303,145	27.37	
Other Operating Income	19,349,911	6.77	17,811,297	7.36	19,755,422	6.66	8,129,455	3.21	
Total Operating Income	285,925,924	100.00	242,030,579	100.00	296,783,371	100.00	253,178,768	100.00	
Less Cost of Sales	59,192,168	20.70	53,380,943	22.06	70,138,107	23.63	53,859,802	21.27	
Gross Operating Profit	226,733,756	79.30	183,649,636	77.94	226,645,264	76.37	199,318,966	78.73	
OPERATING EXPENSES:									
Salaries & Wages	79,082,944	27.66	63,019,333	26.04	73,535,697	24.78	62,059,700	24.51	
Employee Benefits & Taxes	10,794,012	3.78	8,723,582	3.60	9,755,855	3.29	8,377,813	3.31	
Equipment Maintenance & Repair	17,071,258	5.97	14,700,536	6.07	17,491,102	5.89	17,196,617	6.79	
Shop Supplies & Expense	8,860,434	3.10	8,164,560	3.37	10,082,330	3.40	6,353,889	2.51	
Occupancy Cost	15,146,441	5.30	11,554,814	4.77	12,491,045	4.21	10,655,816	4.21	
Bad Debts Expense	2,355,940	0.82	2,488,949	1.03	2,546,504	0.86	2,200,591	0.87	
Office Supplies & Expenses	3,245,348	1.14	2,245,080	0.93	2,661,767	0.90	2,294,118	0.91	
Associations & Travel Expense	1,775,940	0.62	1,600,599	0.66	1,939,697	0.65	1,683,402	0.66	
Legal & Accounting	2,414,592	0.84	2,189,562	0.90	2,459,948	0.83	1,794,059	0.71	
Telephone & Other Communications	2,652,890	0.93	1,903,782	0.79	2,111,697	0.71	1,819,422	0.72	
Automobile & Truck Expense	5,941,173	2.08	4,282,011	1.77	5,139,754	1.73	4,100,686	1.62	
Insurance	7,474,465	2.61	6,479,975	2.68	8,209,394	2.77	7,651,137	3.02	
Advertising & Promotion	6,130,296	2.14	4,848,625	2.00	5,368,081	1.81	4,299,904	1.70	
Other Taxes	2,909,432	1.02	2,645,232	1.09	3,042,579	1.03	2,687,852	1.06	
Interest	11,766,149	4.12	10,693,695	4.42	11,510,613	3.88	6,945,689	2.74	
Franchise Fees	843,721	0.30	662,030	0.27	721,277	0.24	494,365	0.20	
Depreciation, Non-Rental Equipment	4,748,598	1.66	3,641,551	1.50	4,664,773	1.57	3,613,705	1.43	
Other Operating Expenses	5,979,567	2.09	3,756,558	1.55	7,379,865	2.49	4,252,905	1.68	
TOTAL OPERATING EXPENSES	189,193,200	66.17	153,600,474	63.46	181,111,978	61.02	148,481,670	58.65	
Operating Profit Before Rental Depr.	37,540,556	13.13	35,049,162	14.48	45,533,286	15.34	50,837,296	20.08	
Depreciation on Rental Equipment	28,644,429	10.02	24,772,883	10.24	29,915,017	10.08	25,073,617	9.90	
OPERATING PROFIT	8,896,127	3.11	10,276,279	4.25	15,618,269	5.26	25,763,679	10.18	
Other Income & Expense (Net)	2,111,797	0.74	1,848,010	0.76	1,665,848	0.56	470,753	0.19	
NET INCOME BEFORE INCOME TAXES	11,007,924	3.85	12,124,289	5.01	17,284,117	5.82	26,234,432	10.36	
NUMBER OF RESPONDENTS	381		329		357		359		

Special Notes for 1982

Proprietors' salary and drawings (average for firms reporting)	$36,499
Percent of total income (69 firms)	5.9%
Yellow Pages advertising (average for firms reporting)	$ 7,446
Percent of total advertising (213 firms)	40.6%

NOTE: Due to rounding, percentages may not add to the one-hundredth of a percent.

TABLE I-2. EXPENSES AS A PERCENT OF GROSS OPERATING PROFIT

EXPENSE CATEGORIES	1982	1981	1980	1979
GROSS OPERATING PROFITS	100.00	100.00	100.00	100.00
EXPENSES:				
Salaries & Wages	34.88	33.41	32.45	31.14
Employee Benefits & Taxes	4.76	4.62	4.30	4.20
Equipment Maintenance & Repair	7.53	7.79	7.72	8.63
Shop Supplies & Expense	3.91	4.33	4.45	3.19
Occupancy Cost	6.68	6.13	5.51	5.35
Bad Debt Expense	1.04	1.32	1.12	1.10
Office Supplies & Expense	1.43	1.19	1.17	1.15
Association & Travel Expense	.78	.85	.86	.84
Legal & Accounting	1.06	1.16	1.09	.90
Telephone & Other Communications	1.17	1.01	.93	.91
Auto & Truck Expense	2.62	2.27	2.27	2.06
Insurance	3.30	3.43	3.62	3.84
Advertising & Promotion	2.70	2.57	2.37	2.16
Other Taxes	1.28	1.40	1.34	1.35
Interest	5.19	5.67	5.08	3.48
Franchise Fees	.37	.35	.32	.25
Depreciation—Non-Rental Equipment	2.09	1.93	2.06	1.81
Other Operating Expenses	2.64	1.99	3.26	2.13
Depreciation—Rental Equipment	12.63	13.13	13.20	12.58
OPERATING PROFIT	3.92	5.45	6.89	12.93

TABLE I-3. SUMMARY OF BALANCE SHEETS, ALL RESPONDENTS

	1982		1981		1980		1979		Insert Your Own
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Figures Here
CURRENT ASSETS:									
Cash	12,757,610	6.16	9,674,818	5.67	12,351,734	5.62	12,471,831	6.86	_____
Accounts Receivable (Net)	24,708,806	11.92	22,912,183	13.42	29,700,574	13.52	23,956,997	13.18	_____
Merchandise Inventories	25,165,617	12.14	18,482,764	10.82	27,124,773	12.35	14,293,857	7.87	_____
Marketable Securities	2,370,796	1.14	2,969,752	1.74	3,086,170	1.41	2,342,825	1.29	_____
Prepaid Expenses	3,427,299	1.65	3,262,624	1.91	4,196,216	1.91	4,193,978	2.31	_____
Supplies Inventory	897,337	0.43	679,102	0.40	837,006	0.38	481,621	0.27	_____
Other Current Assets	3,211,590	1.55	2,843,030	1.67	2,458,676	1.12	2,638,029	1.45	_____
Total Current Assets	72,539,055	35.00	60,824,273	35.62	79,755,149	36.31	60,379,138	33.23	_____
Rental Equipment—Net Book Value	91,500,632	44.15	77,871,526	45.61	102,727,419	46.77	90,047,038	49.56	_____
Other Fixed Assets—Net Book Value	34,055,535	16.43	24,551,008	14.38	28,905,500	13.16	23,412,614	12.88	_____
Total Fixed Assets	125,556,167	60.58	102,422,534	59.99	131,632,919	59.93	113,459,652	62.44	_____
Other Assets	9,168,408	4.42	7,495,542	4.39	8,240,189	3.75	7,869,452	4.33	_____
TOTAL ASSETS	207,263,630	100.00	170,742,349	100.00	219,628,257	100.00	181,708,242	100.00	_____
CURRENT LIABILITIES:									
Accounts Payable	12,479,129	6.02	10,083,436	5.91	14,073,297	6.41	11,669,110	6.42	_____
Current Notes Payable	25,582,949	12.34	23,746,425	13.91	33,944,191	15.46	22,932,594	12.62	_____
Contracts Payable	2,287,735	1.10	3,652,081	2.14	4,260,246	1.94	2,444,531	1.35	_____
Customers' Rental Deposits	581,653	0.28	451,413	0.26	419,380	0.19	409,353	0.23	_____
Accrued Expenses	4,726,651	2.28	4,385,018	2.57	4,005,112	1.82	4,517,338	2.49	_____
Taxes Payable	2,496,662	1.20	2,209,646	1.29	2,672,648	1.22	3,864,877	2.13	_____
Other Current Liabilities	2,882,644	1.39	1,292,579	0.76	4,597,040	2.09	2,330,881	1.28	_____
Total Current Liabilities	51,037,423	24.62	45,820,598	26.84	63,971,914	29.13	48,168,684	26.51	_____
Long-Term Debt	55,037,055	26.55	46,370,457	27.16	57,896,527	26.36	48,337,992	26.60	_____
Other Liabilities	4,788,162	2.31	4,883,074	2.86	7,787,595	3.55	5,243,754	2.89	_____
Total Liabilities	110,862,640	53.49	97,074,129	56.85	129,656,036	59.03	101,750,430	56.00	_____
Net Worth	96,400,990	46.51	73,668,220	43.15	89,972,221	40.97	79,95 312	44.00	_____
TOTAL LIABILITIES & NET WORTH	207,263,630	100.00	170,742,349	100.00	219,628,257	100.00	181,708,242	100.00	_____
NUMBER OF RESPONDENTS	381		329		357		359		

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

SECTION II. FINANCIAL DATA RELATED TO SIZE OF FIRM

Tables II-1 through II-3 present income and expense, balance sheet, and financial ratios for rental firms in five size categories for 1979-1982. Figure II-1 below contains return on investment for firms in each size category for 1979 through 1982.

FIGURE II-1. RETURN ON INVESTMENT BY SIZE OF FIRM, 1979-1982.

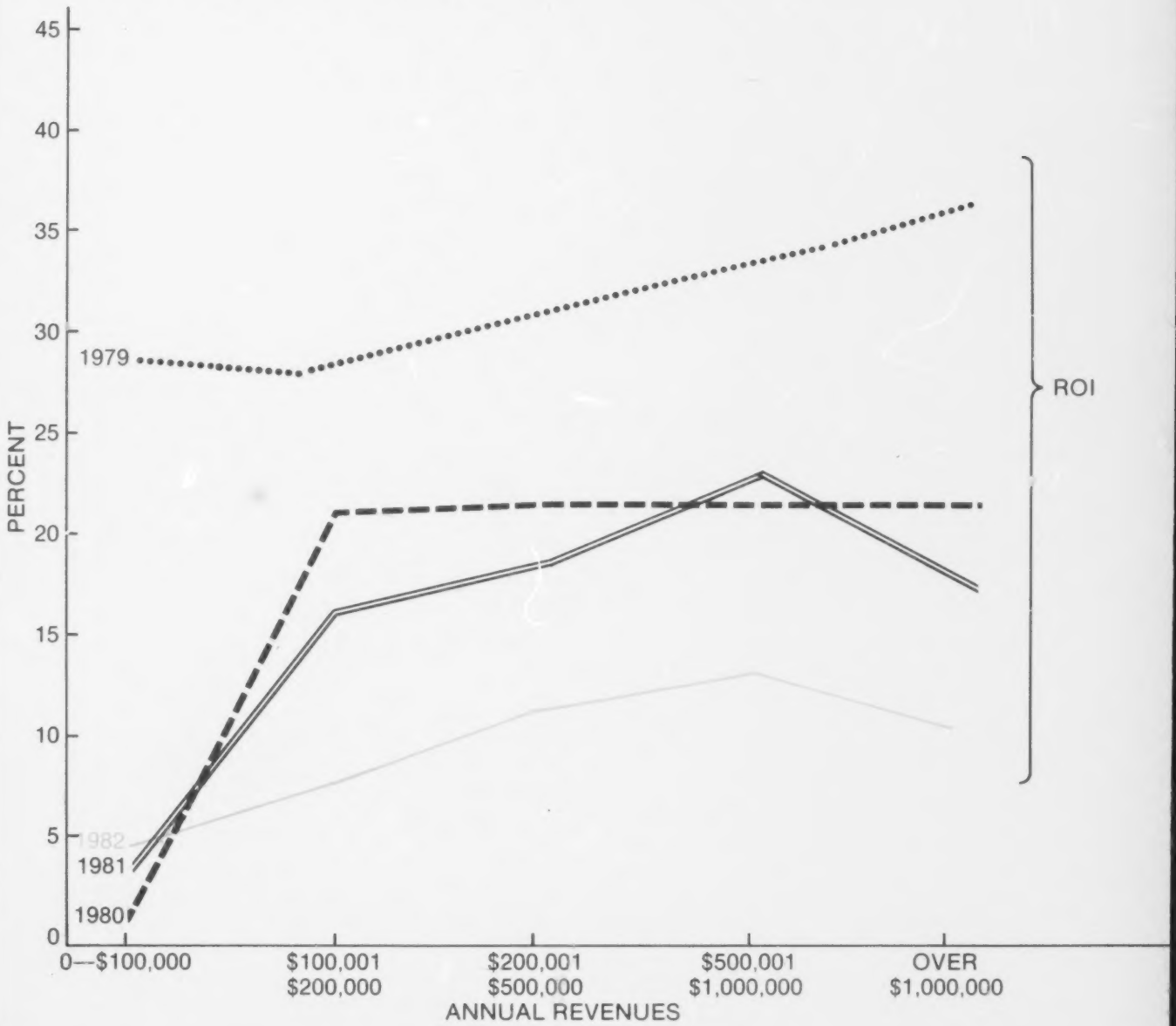

TABLE II-1. INCOME AND EXPENSE BY ANNUAL REVENUE, 1982

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	1,804,967	78.18	7,332,180	78.82	35,542,270	76.99	46,222,524	73.32	96,339,443	58.35
Merchandise & Equipment Sales	356,683	15.45	1,501,228	16.14	8,660,199	18.76	13,563,536	21.52	55,252,983	33.46
Other Operating Income	147,053	6.37	468,946	5.04	1,962,377	4.25	3,253,014	5.16	13,518,521	8.19
Total Operating Income	2,308,703	100.00	9,302,354	100.00	46,164,846	100.00	63,039,074	100.00	165,110,947	100.00
Less Cost of Sales	253,895	11.00	1,081,033	11.62	6,429,122	13.93	9,371,908	14.87	42,056,210	25.47
Gross Operating Profit	2,054,808	89.00	8,221,321	88.38	39,735,724	86.07	53,667,166	85.13	123,054,737	74.53
OPERATING EXPENSES:										
Salaries & Wages	548,510	23.76	2,413,166	25.94	13,754,441	29.79	19,349,289	30.69	43,017,538	26.05
Employee Benefits & Taxes	62,647	2.71	313,358	3.37	1,818,283	3.94	2,739,709	4.35	5,860,015	3.55
Equipment Maintenance & Repair	143,447	6.21	570,494	6.13	2,859,703	6.19	4,171,250	6.62	9,326,364	5.65
Shop Supplies & Expense	42,217	1.83	284,974	3.06	1,190,581	2.58	2,109,002	3.35	5,233,660	3.17
Occupancy Cost	236,319	10.24	903,823	9.72	3,257,120	7.06	4,032,477	6.40	6,716,702	4.07
Bad Debts Expense	5,129	0.22	67,221	0.72	344,778	0.75	484,184	0.77	1,454,628	0.88
Office Supplies & Expenses	24,118	1.04	109,705	1.18	543,459	1.18	767,953	1.22	1,800,113	1.09
Associations & Travel Expense	20,313	0.88	88,332	0.95	386,433	0.84	366,883	0.58	913,979	0.55
Legal & Accounting	34,399	1.49	113,749	1.22	571,148	1.24	569,413	0.90	1,125,883	0.68
Telephone & Other Communications	31,113	1.35	139,582	1.50	463,417	1.00	545,949	0.87	1,472,829	0.89
Automobile & Truck Expense	43,746	1.89	195,063	2.10	809,777	1.75	1,180,423	1.87	3,712,164	2.25
Insurance	80,282	3.48	330,922	3.56	1,561,707	3.38	1,950,983	3.09	3,550,571	2.15
Advertising & Promotion	82,476	3.57	305,258	3.28	1,256,302	2.72	1,549,903	2.46	2,936,357	1.78
Other Taxes	56,681	2.46	132,193	1.42	590,337	1.28	816,833	1.30	1,313,388	0.80
Interest	118,777	5.14	581,429	6.25	1,848,056	4.00	2,024,438	3.21	7,193,449	4.36
Franchise Fees	9,141	0.40	139,961	1.50	305,216	0.66	133,464	0.21	255,939	0.16
Depreciation, Non-Rental Equipment	90,463	3.92	152,970	1.64	846,485	1.83	1,115,505	1.77	2,543,175	1.54
Other Operating Expenses	51,902	2.25	204,299	2.20	700,444	1.52	994,447	1.58	4,028,475	2.44
TOTAL OPERATING EXPENSES	1,681,680	72.84	7,046,499	75.75	33,107,687	71.72	44,902,105	71.23	102,455,229	62.05
Operating Profit Before Rental Depr.	373,128	16.16	1,174,822	12.63	6,628,037	14.36	8,765,061	13.90	20,599,508	12.48
Depreciation on Rental Equipment	336,999	14.60	1,103,663	11.86	5,068,230	10.98	6,267,682	9.94	15,867,855	9.61
OPERATING PROFIT	36,129	1.56	71,159	0.76	1,559,807	3.38	2,497,379	3.96	4,731,653	2.87
Other Income & Expense (Net)	—4,452	—0.19	90,440	0.97	313,712	0.68	768,993	1.22	943,104	0.57
NET INCOME BEFORE INCOME TAXES	31,677	1.37	161,599	1.74	1,873,519	4.06	3,266,372	5.18	5,674,757	3.44
NUMBER OF RESPONDENTS	26		62		137		88		68	

TABLE II-2. BALANCE SHEETS BY ANNUAL REVENUE, 1982

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	121,178	3.44	453,001	6.10	2,200,485	6.17	3,809,430	8.86	6,173,516	5.25
Accounts Receivable (Net)	124,811	3.54	461,510	6.21	2,362,335	6.62	4,139,174	9.63	17,620,976	14.98
Merchandise Inventories	360,281	10.22	582,906	7.84	2,503,878	7.02	3,854,246	8.97	17,864,306	15.19
Marketable Securities	72,010	2.04	144,690	1.95	572,059	1.60	836,487	1.95	745,550	0.63
Prepaid Expenses	15,711	0.45	80,989	1.09	536,380	1.50	677,273	1.58	2,116,946	1.80
Supplies Inventory	24,018	0.68	49,357	0.66	114,747	0.32	83,239	0.19	625,976	0.53
Other Current Assets	41,010	1.16	41,540	0.56	677,519	1.90	1,379,334	3.21	1,072,187	0.91
Total Current Assets	759,019	21.54	1,813,993	24.41	8,967,403	25.12	14,779,183	34.38	46,219,457	39.29
Rental Equipment—Net Book Value	1,412,241	40.07	4,093,221	55.08	17,124,535	47.98	20,086,932	46.73	48,783,703	41.47
Other Fixed Assets—Net Book Value	1,284,283	36.44	1,178,020	15.85	7,214,513	20.21	6,371,759	14.82	18,006,960	15.31
Total Fixed Assets	2,696,524	76.52	5,271,241	70.94	24,339,048	68.19	26,458,691	61.56	66,790,663	56.78
Other Assets	68,590	1.95	345,629	4.65	2,385,283	6.68	1,745,049	4.06	4,623,857	3.93
TOTAL ASSETS	3,524,133	100.00	7,430,863	100.00	35,691,734	100.00	42,982,923	100.00	117,633,977	100.00
CURRENT LIABILITIES:										
Accounts Payable	392,625	11.14	380,948	5.13	1,403,471	3.93	1,882,545	4.38	8,419,540	7.16
Current Notes Payable	309,003	8.77	822,622	11.07	3,814,728	10.69	4,435,308	10.32	16,201,288	13.77
Contracts Payable	20,373	0.58	103,344	1.39	272,595	0.76	242,978	0.57	1,648,445	1.40
Customers' Rental Deposits	2,791	0.08	24,912	0.34	168,627	0.47	82,603	0.19	302,720	0.26
Accrued Expenses	4,625	0.13	98,916	1.33	566,934	1.59	665,978	1.55	3,390,198	2.88
Taxes Payable	38,311	1.09	66,014	0.89	464,825	1.30	670,125	1.56	1,257,387	1.07
Other Current Liabilities	3,094	0.09	277,811	3.74	408,408	1.14	102,263	0.24	2,091,068	1.78
Total Current Liabilities	770,822	21.87	1,774,567	23.88	7,099,588	19.89	8,081,800	18.80	33,310,646	28.32
Long-Term Debt	1,358,353	38.54	3,218,552	43.31	10,573,322	29.62	9,593,191	22.32	30,293,637	25.75
Other Liabilities	298,471	8.47	342,172	4.60	1,504,263	4.21	706,746	1.64	1,936,510	1.65
Total Liabilities	2,427,646	68.89	5,335,291	71.80	19,177,173	53.73	18,381,737	42.77	65,540,793	55.72
Net Worth	1,096,487	31.11	2,095,572	28.20	16,514,561	46.27	24,601,186	57.23	52,093,184	44.28
TOTAL LIABILITIES & NET WORTH	3,524,133	100.00	7,430,863	100.00	35,691,734	100.00	42,982,923	100.00	117,633,977	100.00
NUMBER OF RESPONDENTS	26		62		137		88		68	

TABLE II-3. FINANCIAL RATIOS BY REVENUE CATEGORY, 1979-1982

Financial Ratio	$000—$100,000				$100,001—$200,000				$200,001—$500,000				$500,001—1 Million				Over 1 Million			
	1982	1981	1980	1979	1982	1981	1980	1979	1982	1981	1980	1979	1982	1981	1980	1979	1982	1981	1980	1979
Current Ratio	.98	1.11	.65	.65	1.02	1.45	1.04	.92	1.26	1.61	1.29	1.38	1.82	1.55	1.42	1.50	1.39	1.23	1.23	1.21
Acid Test Ratio	.41	.74	.41	.42	.60	.86	.59	.58	.72	1.04	.76	.84	1.09	.92	.91	1.01	.74	.70	.67	.78
Return on Investment (expressed in percentages)	2.9	2.0	Loss	28.6	7.7	15.0	19.3	27.2	11.3	16.6	19.5	29.9	13.3	21.2	19.4	31.1	10.9	15.0	19.3	35.1
Return on Total Assets (expressed in percentages)	0.9	0.5	Loss	9.9	2.2	5.1	7.5	10.6	5.2	7.7	8.4	14.7	7.6	10.0	9.7	15.9	4.8	6.3	7.5	14.4
Return on Revenues (expressed in percentages)	1.4	0.5	Loss	10.3	1.7	3.9	6.3	10.3	4.1	5.8	6.4	10.3	5.2	7.0	6.8	10.7	3.4	4.3	5.5	10.3
Average Collection Period (Days)	20	11	19	18	18	18	18	23	19	22	23	20	24	29	30	29	39	41	42	42
Profits on Rental Investment (expressed in percent)	2.2	0.8	Loss	15.3	3.9	9.0	13.4	22.3	10.9	16.0	17.9	29.6	16.3	20.9	20.5	32.8	11.6	14.4	16.6	28.9
Total Revenues to Rental Investment	1.6	1.7	1.4	1.5	2.3	2.3	2.1	2.2	2.7	2.8	2.6	2.9	3.1	3.0	3.0	3.1	3.4	3.4	3.0	2.8
Rental Revenues to Rental Investment	1.3	1.3	1.2	1.3	1.8	1.9	1.7	1.8	2.1	2.2	2.1	2.2	2.3	2.1	2.2	2.3	2.0	1.9	1.7	1.8
Rental Revenues to Equipment Cost	.6	.7	NA	NA	.8	.9	NA	NA	.9	.9	NA	NA	.9	.9	NA	NA	.8	.8	NA	NA
PERCENTS OF GROSS OPERATING PROFIT:																				
Salaries & Wages	26.7	27.8	27.8	22.6	29.4	28.7	28.8	29.1	34.6	34.3	34.2	32.9	36.1	33.1	35.0	33.3	35.0	33.6	31.5	30.0
Employee Benefits	3.0	2.6	2.7	2.3	3.8	3.5	3.6	3.4	4.6	4.5	3.9	3.9	5.1	4.4	5.0	4.1	4.7	4.8	4.3	4.4
Total	29.7	30.4	30.5	24.9	33.2	32.2	32.4	32.5	39.2	38.8	38.1	36.8	41.2	37.5	40.0	37.4	39.7	38.4	35.8	34.4
Depreciation (All)	20.8	15.4	16.7	15.5	15.3	15.7	14.9	13.9	14.9	13.6	13.8	12.6	13.8	14.2	14.0	13.3	15.0	15.8	16.0	15.4
Occupancy Cost	11.5	13.4	12.9	9.7	11.0	10.5	8.7	7.8	8.2	7.4	6.9	6.1	7.5	6.6	5.9	4.8	5.5	5.2	4.8	5.0
Equipment Maintenance & Repair	7.0	5.8	7.3	7.3	6.9	6.6	6.6	7.2	7.2	7.6	7.4	8.1	7.8	7.7	7.6	8.6	7.6	8.0	7.9	9.0
Interest	5.8	5.7	8.6	7.5	7.1	6.0	5.0	4.4	4.7	4.3	4.3	3.0	3.8	4.3	3.9	2.7	5.8	6.5	5.6	3.8
Advertising & Promotion	4.0	4.8	4.4	4.0	3.7	4.4	3.5	3.4	3.2	3.3	3.3	2.6	2.9	2.8	2.6	2.4	2.4	2.1	1.9	1.8
Insurance	3.9	3.8	5.0	4.6	4.0	4.4	4.8	4.2	3.9	4.2	4.6	4.3	3.6	3.5	3.9	4.1	2.9	3.1	3.2	3.5
Shop Supplies & Expense	2.1	5.6	4.9	5.0	3.5	3.7	4.2	4.1	3.0	3.6	3.4	3.6	3.9	4.1	3.3	3.1	4.3	4.7	5.0	2.9
OPERATING PROFIT	1.8	1.0	Loss	9.4	0.9	3.1	7.1	11.4	3.9	5.9	6.7	11.3	4.7	7.4	6.9	12.6	3.8	4.8	7.0	13.8
NUMBER OF RESPONDENTS	26	20	22	26	62	53	58	73	137	131	141	131	88	63	62	68	68	62	74	61

SECTION III. FINANCIAL DATA RELATED TO SOURCE OF REVENUES

The table below compares key financial ratios for firms deriving most of their revenues from rentals vs. those recording significant sales.

Tables III-1 and III-2 contain income and expense and balance sheet data for rental firms in the two categories. Tables III-3 through III-6 present similar data by size of firm in these two groups.

	Over 70 Percent From Rentals				69 Percent Or Less Revenue From Rentals			
Financial Ratio	1982	1981	1980	1979	1982	1981	1980	1979
Current Ratio	1.3	1.3	1.2	1.2	1.5	1.4	1.3	1.3
Acid Test Ratio	.90	.90	.88	.87	.66	.67	.57	.71
Return on Investment	12.6%	17.7%	21.3%	34.4%	9.1%	13.8%	14.4%	28.7%
Return on Total Assets	6.3%	8.8%	10.6%	16.4%	3.8%	4.7%	4.2%	10.6%
Return on Revenues	5.0%	6.8%	8.3%	12.4%	2.4%	2.9%	2.9%	7.0%
Average Collection Period (Days)	27	29	29	30	38	41	46	42
Profits on Rental Investment	12.4%	16.6%	19.7%	31.1%	11.2%	13.3%	11.4%	24.5%
Total Revenues to Rental Investment (Times)	2.5	2.4	2.4	2.5	4.6	4.5	3.9	3.5
Rental Revenues to Rental Investment (Times)	2.1	2.0	2.0	2.1	1.9	1.8	1.5	1.5
Rental Revenues to Equipment Cost (Times)	.87	.89	.92	NA	.80	.85	.73	NA
PERCENTS OF GROSS OPERATING PROFIT:								
Salaries & Wages	34.0	31.9	32.1	31.1	36.4	35.9	33.1	31.3
Employee Benefits	4.9	4.5	4.2	4.0	4.6	4.8	4.4	4.6
Total	38.9	36.4	36.3	35.1	41.0	40.7	37.5	35.9
Depreciation (All)	15.2	15.9	15.3	14.1	13.8	13.8	15.2	15.1
Occupancy Cost	7.0	6.9	6.1	5.4	6.0	4.8	4.4	5.2
Equipment Maintenance & Repair	8.3	7.9	8.4	9.1	6.1	7.6	6.5	7.3
Interest	4.7	4.7	3.8	2.9	6.2	7.2	7.5	5.0
Advertising & Promotion	2.8	2.8	2.4	2.1	2.6	2.3	2.3	2.4
Insurance	3.4	3.6	4.1	4.0	3.1	3.1	2.7	3.4
Shop Supplies & Expense	3.5	4.6	4.3	3.4	4.7	3.9	4.6	2.7
OPERATING PROFIT	4.5	6.7	8.6	13.8	3.0	3.4	3.7	10.6
NUMBER OF RESPONDENTS	271	237	274	283	110	92	83	76

TABLE III—1. INCOME AND EXPENSE BY SOURCE OF REVENUE, 1982

	REVENUE FROM RENTALS			
	Over 70 Percent		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
Rental Income	133,805,564	83.80	53,435,820	42.32
Merchandise & Equipment Sales	18,919,250	11.85	60,415,379	47.85
Other Operating Income	6,947,456	4.35	12,402,455	9.82
Total Operating Income	159,672,270	100.00	126,253,654	100.00
Less Cost of Sales	13,016,364	8.15	46,175,804	36.57
Gross Operating Profit	146,655,906	91.85	80,077,850	63.43
OPERATING EXPENSES:				
Salaries & Wages	49,919,599	31.26	29,163,345	23.10
Employee Benefits & Taxes	7,133,694	4.47	3,660,318	2.90
Equipment Maintenance & Repair	12,172,545	7.62	4,898,713	3.88
Shop Supplies & Expense	5,074,606	3.18	3,785,828	3.00
Occupancy Cost	10,335,238	6.47	4,811,203	3.81
Bad Debts Expense	1,318,697	0.83	1,037,243	0.82
Office Supplies & Expenses	2,067,127	1.29	1,178,221	0.93
Associations & Travel Expense	912,573	0.57	863,367	0.68
Legal & Accounting	1,572,664	0.98	841,928	0.67
Telephone & Other Communications	1,460,867	0.91	1,192,023	0.94
Automobile & Truck Expense	3,535,583	2.21	2,405,590	1.91
Insurance	5,011,754	3.14	2,462,711	1.95
Advertising & Promotion	4,036,649	2.53	2,093,647	1.66
Other Taxes	1,988,582	1.25	920,850	0.73
Interest	6,819,682	4.27	4,946,467	3.92
Franchise Fees	678,667	0.43	165,054	0.13
Depreciation, Non-Rental Equipment	2,936,559	1.84	1,812,039	1.44
Other Operating Expenses	3,765,097	2.36	2,214,470	1.75
TOTAL OPERATING EXPENSES	120,740,183	75.62	68,453,017	54.22
Operating Profit Before Rental Depr.	25,915,723	16.23	11,624,833	9.21
Depreciation on Rental Equipment	19,385,509	12.14	9,258,920	7.33
OPERATING PROFIT	6,530,214	4.09	2,365,913	1.87
Other Income & Expense (Net)	1,405,897	0.88	705,900	0.56
NET INCOME BEFORE INCOME TAXES	7,936,111	4.97	3,071,813	2.43
NUMBER OF RESPONDENTS	271		110	

TABLE III—2. BALANCE SHEETS BY SOURCE OF REVENUE, 1982

	REVENUE FROM RENTALS			
	Over 70 Percent		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:				
Cash	8,947,968	7.11	3,809,642	4.68
Accounts Receivable (Net)	11,718,623	9.31	12,990,183	15.96
Merchandise Inventories	5,365,983	4.26	19,799,634	24.33
Marketable Securities	2,004,597	1.59	366,199	0.45
Prepaid Expenses	2,090,410	1.66	1,336,889	1.64
Supplies Inventory	416,540	0.33	480,797	0.59
Other Current Assets	2,352,878	1.87	858,712	1.06
Total Current Assets	32,896,999	26.13	39,642,056	48.71
Rental Equipment—Net Book Value	63,975,387	50.82	27,525,245	33.82
Other Fixed Assets—Net Book Value	22,058,448	17.52	11,997,087	14.74
Total Fixed Assets	86,033,835	68.34	39,522,332	48.57
Other Assets	6,956,292	5.53	2,212,116	2.72
TOTAL ASSETS	125,887,126	100.00	81,376,504	100.00
CURRENT LIABILITIES:				
Accounts Payable	5,146,619	4.09	7,332,510	9.01
Current Notes Payable	12,248,353	9.73	13,334,596	16.39
Contracts Payable	932,392	0.74	1,355,343	1.67
Customers' Rental Deposits	523,787	0.42	57,866	0.07
Accrued Expenses	3,026,301	2.40	1,700,350	2.09
Taxes Payable	1,681,471	1.34	815,191	1.00
Other Current Liabilities	1,520,109	1.21	1,362,535	1.67
Total Current Liabilities	25,079,032	19.92	25,958,391	31.90
Long-Term Debt	35,493,859	28.19	19,543,196	24.02
Other Liabilities	2,557,376	2.03	2,230,786	2.74
Total Liabilities	63,130,267	50.15	47,732,373	58.66
Net Worth	62,756,859	49.85	33,644,131	41.34
TOTAL LIABILITIES & NET WORTH	125,887,126	100.00	81,376,504	100.00
NUMBER OF RESPONDENTS	271		110	

TABLE III-3. INCOME AND EXPENSE FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTAL, 1982

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	1,566,636	83.80	6,777,400	85.11	30,759,764	84.08	34,982,412	83.65	59,719,352	83.60
Merchandise & Equipment Sales	187,869	10.05	823,789	10.34	4,402,387	12.03	5,121,725	12.25	8,383,480	11.74
Other Operating Income	114,917	6.15	362,326	4.55	1,422,630	3.89	1,717,956	4.11	3,329,627	4.66
Total Operating Income	1,869,422	100.00	7,963,515	100.00	36,584,781	100.00	41,822,093	100.00	71,432,459	100.00
Less Cost of Sales	132,855	7.11	613,056	7.70	3,242,723	8.86	3,330,308	7.96	5,697,422	7.98
Gross Operating Profit	1,736,567	92.89	7,350,459	92.30	33,342,058	91.14	38,491,785	92.04	65,735,037	92.02
OPERATING EXPENSES:										
Salaries & Wages	442,458	23.67	2,222,121	27.90	11,494,027	31.42	13,688,424	32.73	22,072,569	30.90
Employee Benefits & Taxes	57,657	3.08	285,765	3.59	1,550,570	4.24	2,024,619	4.84	3,215,083	4.50
Equipment Maintenance & Repair	129,205	6.91	515,696	6.48	2,464,844	6.74	3,215,973	7.69	5,846,827	8.19
Shop Supplies & Expense	31,427	1.68	247,712	3.11	1,045,256	2.86	1,586,611	3.79	2,163,600	3.03
Occupancy Cost	209,024	11.18	832,739	10.46	2,725,143	7.45	2,910,885	6.96	3,657,447	5.12
Bad Debts Expense	4,597	0.25	56,994	0.72	284,077	0.78	358,164	0.86	614,865	0.86
Office Supplies & Expenses	19,976	1.07	94,619	1.19	461,965	1.26	567,827	1.36	922,740	1.29
Associations & Travel Expense	16,912	0.90	78,727	0.99	294,346	0.80	263,822	0.63	258,766	0.36
Legal & Accounting	33,072	1.77	106,355	1.34	479,141	1.31	452,106	1.08	501,990	0.70
Telephone & Other Communications	27,662	1.48	125,961	1.58	369,110	1.01	336,664	0.80	601,470	0.84
Automobile & Truck Expense	38,239	2.05	164,157	2.06	686,847	1.88	845,185	2.02	1,801,155	2.52
Insurance	67,867	3.63	289,454	3.63	1,340,229	3.66	1,448,579	3.46	1,865,625	2.61
Advertising & Promotion	66,007	3.53	265,861	3.34	1,015,708	2.78	1,105,582	2.64	1,583,491	2.22
Other Taxes	45,435	2.43	105,969	1.33	458,326	1.25	599,683	1.43	779,169	1.09
Interest	103,683	5.55	491,627	6.17	1,509,034	4.12	1,323,872	3.17	3,391,466	4.75
Franchise Fees	9,141	0.49	139,961	1.76	303,266	0.83	93,419	0.22	132,880	0.19
Depreciation, Non-Rental Equipment	73,343	3.92	116,984	1.47	693,086	1.89	834,843	2.00	1,218,303	1.71
Other Operating Expenses	38,709	2.07	199,098	2.50	582,888	1.59	432,381	1.03	2,512,021	3.52
TOTAL OPERATING EXPENSES	1,414,414	75.66	6,339,800	79.61	27,757,863	75.87	32,088,639	76.73	53,139,467	74.39
Operating Profit Before Rental Depr.	322,153	17.23	1,010,659	12.69	5,584,195	15.26	6,403,146	15.31	12,595,570	17.63
Depreciation on Rental Equipment	301,697	16.14	991,851	12.45	4,275,067	11.69	4,721,824	11.29	9,095,070	12.73
Operating Profit	20,456	1.09	18,808	0.24	1,309,128	3.58	1,681,322	4.02	3,500,500	4.90
Other Income & Expense (Net)	4,500	0.24	70,170	0.88	344,534	0.94	661,419	1.58	325,274	0.46
NET INCOME BEFORE INCOME TAXES	24,956	1.33	88,978	1.12	1,653,662	4.52	2,342,741	5.60	3,825,774	5.36
NUMBER OF RESPONDENTS	20		53		108		58		32	

TABLE III-4. BALANCE SHEETS FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTALS, 1982

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	93,087	4.27	409,884	6.60	1,847,218	6.31	2,917,226	9.52	3,680,553	6.39
Accounts Receivable (Net)	60,559	2.78	410,163	6.60	1,823,981	6.23	2,539,437	8.28	6,884,483	11.96
Merchandise Inventories	68,821	3.16	292,158	4.70	1,295,669	4.43	1,299,097	4.24	2,410,238	4.19
Marketable Securities	50,000	2.30	113,442	1.83	507,379	1.73	757,578	2.47	576,198	1.00
Prepaid Expenses	12,201	0.56	75,210	1.21	462,759	1.58	516,811	1.69	1,023,429	1.78
Supplies Inventory	23,518	1.08	49,357	0.79	113,049	0.39	11,500	0.04	219,116	0.38
Other Current Assets	41,010	1.88	40,369	0.65	644,920	2.20	987,481	3.22	639,098	1.11
Total Current Assets	349,196	16.03	1,390,583	22.39	6,694,975	22.87	9,029,130	29.45	15,433,115	26.81
Rental Equipment—Net Book Value	1,131,735	51.96	3,701,285	59.59	14,433,742	49.31	15,290,480	49.87	29,418,145	51.10
Other Fixed Assets—Net Book Value	628,628	28.86	784,450	12.63	5,904,081	20.17	4,998,123	16.30	9,743,166	16.92
Total Fixed Assets	1,760,363	80.82	4,485,735	72.21	20,337,823	69.48	20,288,603	66.18	39,161,311	68.03
Other Assets	68,505	3.15	335,434	5.40	2,237,763	7.65	1,340,416	4.37	2,974,174	5.17
TOTAL ASSETS	2,178,064	100.00	6,211,752	100.00	29,270,561	100.00	30,658,149	100.00	57,568,600	100.00
CURRENT LIABILITIES:										
Accounts Payable	208,264	9.56	338,280	5.45	910,796	3.11	1,117,577	3.65	2,571,702	4.47
Current Notes Payable	280,864	12.90	695,797	11.20	3,209,451	10.96	2,527,097	8.24	5,535,144	9.61
Contracts Payable	20,373	0.94	103,344	1.66	163,233	0.56	215,379	0.70	430,063	0.75
Customers' Rental Deposits	2,649	0.12	18,522	0.30	161,917	0.55	56,913	0.19	283,786	0.49
Accrued Expenses	3,432	0.16	86,500	1.39	523,845	1.79	432,416	1.41	1,980,108	3.44
Taxes Payable	25,012	1.15	62,157	1.00	367,651	1.26	531,129	1.73	695,522	1.21
Other Current Liabilities	3,001	0.14	276,534	4.45	402,026	1.37	41,513	0.14	797,035	1.38
Total Current Liabilities	543,595	24.96	1,581,134	25.45	5,738,919	19.61	4,922,024	16.05	12,293,360	21.35
Long-Term Debt	1,076,801	49.44	2,690,614	43.31	8,586,429	29.33	6,631,920	21.63	16,508,095	28.68
Other Liabilities	40,894	1.88	190,578	3.07	1,155,712	3.95	509,926	1.66	660,266	1.15
Total Liabilities	1,661,290	76.27	4,462,326	71.84	15,481,060	52.89	12,063,870	39.35	29,461,721	51.18
Net Worth	516,774	23.73	1,749,426	28.16	13,789,501	47.11	18,594,279	60.65	28,106,879	48.82
TOTAL LIABILITIES & NET WORTH	2,178,064	100.00	6,211,752	100.00	29,270,561	100.00	30,658,149	100.00	57,568,600	100.00
NUMBER OF RESPONDENTS	20		53		108		58		32	

TABLE III-5. INCOME AND EXPENSE FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1982

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	238,331	54.25	554,780	41.44	4,782,506	49.92	11,240,112	52.98	36,620,091	39.09
Merchandise & Equipment Sales	168,814	38.43	677,439	50.60	4,257,812	44.44	8,441,811	39.79	46,869,503	50.03
Other Operating Income	32,136	7.32	106,620	7.96	539,747	5.63	1,535,058	7.24	10,188,894	10.88
Total Operating Income	439,281	100.00	1,338,839	100.00	9,580,065	100.00	21,216,981	100.00	93,678,488	100.00
Less Cost of Sales	121,040	27.55	467,977	34.95	3,186,399	33.26	6,041,600	28.48	36,358,788	38.81
Gross Operating Profit	318,241	72.45	870,862	65.05	6,393,666	66.74	15,175,381	71.52	57,319,700	61.19
OPERATING EXPENSES:										
Salaries & Wages	106,052	24.14	191,045	14.27	2,260,414	23.59	5,660,865	26.68	20,944,969	22.36
Employee Benefits & Taxes	4,990	1.14	27,593	2.06	267,713	2.79	715,090	3.37	2,644,932	2.82
Equipment Maintenance & Repair	14,242	3.24	54,798	4.09	394,859	4.12	955,277	4.50	3,479,537	3.71
Shop Supplies & Expense	10,790	2.46	37,262	2.78	145,925	1.52	522,391	2.46	3,070,060	3.28
Occupancy Cost	27,295	6.21	71,084	5.31	531,977	5.55	1,121,592	5.29	3,059,255	3.27
Bad Debts Expense	532	0.12	10,227	0.76	60,701	0.63	126,020	0.59	839,763	0.90
Office Supplies & Expenses	4,142	0.94	15,086	1.13	81,494	0.85	200,126	0.94	877,373	0.94
Associations & Travel Expense	3,401	0.77	9,605	0.72	92,087	0.96	103,061	0.49	655,213	0.70
Legal & Accounting	1,327	0.30	7,394	0.55	92,007	0.96	117,307	0.55	623,893	0.67
Telephone & Other Communications	3,451	0.79	13,621	1.02	94,307	0.98	209,285	0.99	871,359	0.93
Automobile & Truck Expense	5,507	1.25	30,906	2.31	122,930	1.28	335,238	1.58	1,911,009	2.04
Insurance	12,415	2.83	41,468	3.10	221,478	2.31	502,404	2.37	1,684,946	1.80
Advertising & Promotion	16,469	3.75	39,397	2.94	240,594	2.51	444,321	2.09	1,352,866	1.44
Other Taxes	11,246	2.56	26,224	1.96	132,011	1.38	217,150	1.02	534,219	0.57
Interest	15,094	3.44	89,802	6.71	339,022	3.54	700,566	3.30	3,801,983	4.06
Franchise Fees	0	0.00	0	0.00	1,950	0.02	40,045	0.19	123,059	0.13
Depreciation, Non-Rental Equipment	17,120	3.90	35,986	2.69	153,399	1.60	280,662	1.32	1,324,872	1.41
Other Operating Expenses	13,193	3.00	5,201	0.39	117,556	1.23	562,066	2.65	1,516,454	1.62
TOTAL OPERATING EXPENSES	267,266	60.84	706,599	52.78	5,349,824	55.84	12,813,466	60.39	49,315,762	52.64
Operating Profit Before Rental Depr.	50,975	11.60	164,163	12.26	1,043,842	10.90	2,361,915	11.13	8,003,938	8.54
Depreciation on Rental Equipment	35,302	8.04	111,812	8.35	793,163	8.28	1,545,858	7.29	6,772,785	7.23
OPERATING PROFIT	15,673	3.57	52,351	3.91	250,679	2.62	816,057	3.85	1,231,153	1.31
Other Income & Expense (Net)	—8,952	—2.04	20,270	1.51	—30,822	—0.32	107,574	0.51	617,830	0.66
NET INCOME BEFORE INCOME TAXES	6,721	1.53	72,621	5.42	219,857	2.29	923,631	4.35	1,848,983	1.97
NUMBER OF RESPONDENTS	6		9		29		30		36	

TABLE III-6. BALANCE SHEETS FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1982

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	28,091	2.09	43,117	3.54	353,267	5.50	892,204	7.24	2,492,963	4.15
Accounts Receivable (Net)	64,252	4.77	51,347	4.21	538,354	8.38	1,599,737	12.98	10,736,493	17.87
Merchandise Inventories	291,460	21.65	290,748	23.85	1,208,209	18.82	2,555,149	20.73	15,454,068	25.73
Marketable Securities	22,010	1.64	31,248	2.56	64,680	1.01	78,909	0.64	169,352	0.28
Prepaid Expenses	3,510	0.26	5,779	0.47	73,621	1.15	160,462	1.30	1,093,517	1.82
Supplies Inventory	500	0.04	0	0.00	1,698	0.03	71,739	0.58	406,860	0.68
Other Current Assets	0	0.00	1,171	0.10	32,599	0.51	391,853	3.18	433,089	0.72
Total Current Assets	409,823	30.45	423,410	34.73	2,272,428	35.39	5,750,053	46.65	30,786,342	51.25
Rental Equipment—Net Book Value	280,506	20.84	391,936	32.15	2,690,793	41.91	4,796,452	38.92	19,365,558	32.24
Other Fixed Assets—Net Book Value	655,655	48.71	393,570	32.38	1,310,432	20.41	1,373,636	11.15	8,263,794	13.76
Total Fixed Assets	936,161	69.55	785,506	64.43	4,001,225	62.31	6,170,088	50.06	27,629,352	46.00
Other Assets	85	0.01	10,195	0.84	147,520	2.30	404,633	3.28	1,649,683	2.75
TOTAL ASSETS	1,346,069	100.00	1,219,111	100.00	6,421,173	100.00	12,324,774	100.00	60,065,377	100.00
CURRENT LIABILITIES:										
Accounts Payable	184,361	13.70	42,668	3.50	492,675	7.67	764,968	6.21	5,847,838	9.74
Current Notes Payable	28,139	2.09	126,825	10.40	605,277	9.43	1,908,211	15.48	10,666,144	17.76
Contracts Payable	0	0.00	0	0.00	109,362	1.70	27,599	0.22	1,218,382	2.03
Customers' Rental Deposits	142	0.01	6,390	0.52	6,710	0.10	25,690	0.21	18,934	0.03
Accrued Expenses	1,193	0.09	12,416	1.02	43,089	0.67	233,562	1.90	1,410,090	2.35
Taxes Payable	13,299	0.99	3,857	0.32	97,174	1.51	138,996	1.13	561,865	0.94
Other Current Liabilities	93	0.01	1,277	0.10	6,382	0.10	60,750	0.49	1,294,033	2.15
Total Current Liabilities	227,227	16.88	193,433	15.87	1,360,669	21.19	3,159,776	25.64	21,017,286	34.99
Long-Term Debt	281,552	20.92	527,938	43.31	1,986,893	30.94	2,961,271	24.03	13,785,542	22.95
Other Liabilities	257,577	19.14	151,594	12.43	348,551	5.43	196,820	1.60	1,276,244	2.12
Total Liabilities	766,356	56.93	872,965	71.61	3,696,113	57.56	6,317,867	51.26	36,079,072	60.07
Net Worth	579,713	43.07	346,146	28.39	2,725,060	42.44	6,006,907	48.74	23,986,305	39.93
TOTAL LIABILITIES & NET WORTH	1,346,069	100.00	1,219,111	100.00	6,421,173	100.00	12,324,774	100.00	60,065,377	100.00
NUMBER OF RESPONDENTS	6		9		29		30		36	

SECTION IV. FINANCIAL DATA RELATED TO TYPE OF EQUIPMENT RENTED

Description of Three Categories

Responding firms were placed into one of three major rental categories:

1. Construction and Industrial—Air compressors/air tools; asphalt/bituminous equipment; compaction, concrete equipment, conveyors; cranes; generators/alternators; engines, pumps/hoses; sand blasting/steam cleaners; scaffolding/shoring equipment; tractors/earth moving equipment; welders; barricades.

2. General Rental—Small hand/electric tools; gasoline powered tools; homeowner equipment; household equipment; small air compressors/air tools; utility trailers/hook-up equipment; baby equipment; rollaway beds; reducing equipment; camping equipment; audio-visual equipment; TV sets; local/one way system trucks; sports and recreational equipment; automotive; plumbing, painting, electrical tools; lawn/garden equipment; material handling equipment.

3. Medical-Party, Audio-Visual, and Others—Party equipment including tables, chairs, silver, glasses, linens; bars, rotisseries; disposables; medical equipment including wheelchairs, hospital beds, whirlpools, commodes, convalescent and sickroom equipment; mobile equipment; and specialty equipment including furniture and office equipment, convention and exhibition equipment, audio-visual equipment, costume rentals, television sets, clothes washers/dryers, refrigerators, cameras.

Construction and Industrial Equipment

The 153 firms in this category averaged $1.2 million in total operating income in 1982. This compares with an average of $1.1 million in 1981 and $1.3 million in 1980.

Net income before taxes averaged $47,000, down from $60,000 last year and $77,000 in 1980.

Return on investment was also down in 1982. ROI for rental firms in the construction and industrial equipment category was 11.7 percent in 1982 versus 17.5 percent in 1981 and 19.6 percent in 1980. Return on revenues was also down—3.9 percent in 1982, 5.3 percent in 1981 and 5.9 percent in 1980.

For the 153 respondents, net worth averaged $405,000 or 44.7 percent of assets. This was up from 41.9 percent in 1981 and 39.9 percent in 1980. Even though profits were down, rental firms in this group have tightened up their overall financial position.

General Rental

The average general rental firm had revenues of $423,000 in 1982, up slightly from the $420,000 reported in 1981 and the $357,000 shown in 1980. Net income before taxes was $14,400 per firm, down from an average of $18,000 in 1981 and $17,800 in 1980.

Return on investment in 1982 was 9.7 percent—down substantially from the 13.6 percent reported in 1981 and 15.2 percent shown in 1980. Return on revenues was 3.4 percent, also down from the two previous years.

The average general rental firm had a net worth of $148,000, up from $133,000 in 1981. The proportion of net worth to assets was 49.3 percent, up from 45.6 in 1981.

Medical-Party and Audio-Visual

The 33 respondents in this category had average 1982 revenues of $502,000; this was considerably above the 1981 average of $373,000. Net income before taxes averaged $29,000 versus $18,000 in 1981.

Return on investment (17.1 percent) was the same as in 1981, but substantially below 1980. Return on revenues was up—5.8 percent in 1982 versus 4.9 percent in the previous year.

The overall financial position of firms in the medical-party and audio-visual category was better in 1982. The current ratio was 1.73 percent versus 1.58 in 1981. Net worth as a percent of assets was 54.8 percent in 1982 versus 49.4 percent in 1981 and 42.1 percent in 1980.

Tables IV-1 and IV-2 contain income and expense statements and balance sheets for firms in the three categories. Table IV-3 includes key financial ratios.

TABLE IV—1. INCOME AND EXPENSE BY TYPE OF EQUIPMENT RENTED, 1982

	Construction & Industrial		General Rental		Medical-Party Audio-Visual, Etc		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	
Rental Income	115,934,106	62.02	60,300,591	73.16	11,006,687	66.40	
Merchandise & Equipment Sales	56,740,460	30.35	17,927,307	21.75	4,666,862	28.15	
Other Operating Income	14,252,217	7.62	4,194,310	5.09	903,384	5.45	
Total Operating Income	186,926,783	100.00	82,422,208	100.00	16,576,933	100.00	
Less Cost of Sales	43,006,015	23.01	12,818,635	15.55	3,367,518	20.31	
Gross Operating Profit	143,920,768	76.99	69,603,573	84.45	13,209,415	79.69	
OPERATING EXPENSES:							
Salaries & Wages	49,638,091	26.55	24,561,652	29.80	4,883,201	29.46	
Employee Benefits & Taxes	6,854,218	3.67	3,220,171	3.91	719,623	4.34	
Equipment Maintenance & Repair	11,165,595	5.97	5,262,376	6.38	643,287	3.88	
Shop Supplies & Expense	6,196,417	3.31	2,396,739	2.91	267,278	1.61	
Occupancy Cost	8,102,632	4.33	5,765,929	7.00	1,277,880	7.71	
Bad Debts Expense	1,666,398	0.89	627,185	0.76	62,357	0.38	
Office Supplies & Expenses	1,950,750	1.04	1,024,017	1.24	270,581	1.63	
Associations & Travel Expense	1,084,079	0.58	541,760	0.66	150,101	0.91	
Legal & Accounting	1,320,345	0.71	948,676	1.15	145,571	0.88	
Telephone & Other Communications	1,701,957	0.91	782,433	0.95	168,500	1.02	
Automobile & Truck Expense	4,041,153	2.16	1,511,060	1.83	388,960	2.35	
Insurance	4,406,984	2.36	2,683,034	3.26	384,447	2.32	
Advertising & Promotion	3,336,107	1.78	2,221,632	2.70	572,557	3.45	
Other Taxes	1,531,420	0.82	1,184,891	1.44	193,121	1.16	
Interest	8,213,340	4.39	3,119,872	3.79	432,937	2.61	
Franchise Fees	122,235	0.07	681,689	0.83	39,797	0.24	
Depreciation, Non-Rental Equipment	3,171,509	1.70	1,274,551	1.55	302,538	1.83	
Other Operating Expenses	4,402,975	2.36	1,389,207	1.69	187,385	1.13	
TOTAL OPERATING EXPENSES	118,906,205	63.61	59,196,874	71.82	11,090,121	66.90	
Operating Profit Before Rental Depr.	25,014,563	13.38	10,406,699	12.63	2,119,294	12.78	
Depreciation on Rental Equipment	18,973,721	10.15	8,408,810	10.20	1,261,898	7.61	
OPERATING PROFIT	6,040,842	3.23	1,997,889	2.42	857,396	5.17	
Other Income & Expense (Net)	1,202,676	0.64	807,856	0.98	101,265	0.61	
NET INCOME BEFORE INCOME TAXES	7,243,518	3.88	2,805,745	3.40	958,661	5.78	
NUMBER OF RESPONDENTS	153		195		33		

TABLE IV-2. BALANCE SHEETS BY TYPE OF EQUIPMENT RENTED, 1982

	Construction & Industrial		General Rental		Medical-Party Audio-Visual, Etc.		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	
CURRENT ASSETS:							
Cash	7,641,984	5.51	4,078,440	6.98	1,037,186	10.13	
Accounts Receivable (Net)	19,139,270	13.81	4,806,211	8.23	763,325	7.46	
Merchandise Inventories	18,440,943	13.30	5,245,353	8.98	1,479,321	14.45	
Marketable Securities	1,450,329	1.05	561,031	0.96	359,436	3.51	
Prepaid Expenses	2,440,248	1.76	864,916	1.48	122,135	1.19	
Supplies Inventory	728,383	0.53	124,686	0.21	44,268	0.43	
Other Current Assets	1,748,042	1.26	1,277,735	2.19	185,813	1.81	
Total Current Assets	51,589,199	37.22	16,958,372	29.03	3,991,484	38.99	
Rental Equipment—Net Book Value	59,142,312	42.67	28,453,710	48.71	3,904,610	38.14	
Other Fixed Assets—Net Book Value	22,246,388	16.05	10,186,569	17.44	1,622,578	15.85	
Total Fixed Assets	81,388,700	58.72	38,640,279	66.15	5,527,188	53.99	
Other Assets	5,632,522	4.06	2,816,707	4.82	719,179	7.02	
TOTAL ASSETS	138,610,421	100.00	58,415,358	100.00	10,237,851	100.00	
CURRENT LIABILITIES:							
Accounts Payable	9,071,744	6.54	2,805,628	4.80	601,757	5.88	
Current Notes Payable	18,815,987	13.57	5,662,685	9.69	1,104,277	10.79	
Contracts Payable	1,618,348	1.17	630,712	1.08	38,675	0.38	
Customers' Rental Deposits	367,250	0.26	166,304	0.28	48,099	0.47	
Accrued Expenses	3,498,622	2.52	955,845	1.64	272,184	2.66	
Taxes Payable	1,582,992	1.14	783,737	1.34	129,933	1.27	
Other Current Liabilities	2,046,484	1.48	728,215	1.25	107,945	1.05	
Total Current Liabilities	37,001,427	26.69	11,733,126	20.09	2,302,870	22.49	
Long-Term Debt	36,859,228	26.59	16,012,689	27.41	2,165,138	21.15	
Other Liabilities	2,772,324	2.00	1,850,901	3.17	164,937	1.61	
Total Liabilities	76,632,979	55.29	29,596,716	50.67	4,632,945	45.25	
Net Worth	61,977,442	44.71	28,818,642	49.33	5,604,906	54.75	
TOTAL LIABILITIES & NET WORTH	138,610,421	100.00	58,415,358	100.00	10,237,851	100.00	
NUMBER OF RESPONDENTS	153		195		33		

TABLE IV—3. FINANCIAL RATIOS BY TYPE OF EQUIPMENT RENTED, 1979-1982

Financial Ratio	Construction & Industrial				General Rentals				Medical-Party Audio-Visual, Etc.			
	1982	1981	1980	1979	1982	1981	1980	1979	1982	1981	1980	1979
Current Ratio	1.39	1.25	1.24	1.23	1.45	1.65	1.24	1.28	1.73	1.58	1.51	1.75
Acid Test Ratio	.76	.71	.70	.80	.81	1.04	.74	.78	.94	1.00	.75	1.20
Return on Investment	11.7%	17.5%	19.6%	34.9%	9.7%	13.6%	15.2%	27.3%	17.1%	17.1%	29.8%	39.6%
Return on Total Assets	5.2%	7.3%	7.8%	15.3%	4.6%	6.2%	6.9%	12.1%	9.4%	8.5%	12.6%	16.6%
Return on Revenues	3.9%	5.3%	5.9%	11.2%	3.4%	4.3%	5.0%	8.4%	5.8%	4.9%	7.0%	12.1%
Average Collection Period (Days)	37	40	41	40	21	23	21	22	17	19	21	24
Profits on Rental Investment	12.2%	16.6%	17.2%	31.0%	9.9%	12.6%	13.3%	24.2%	24.5%	16.6%	26.8%	35.6%
Total Revenues to Rental Investment	3.2	3.2	2.9	2.8	2.9	2.9	2.7	2.9	4.2	3.4	3.8	2.9
Rental Revenues to Rental Investment	2.0	1.8	1.7	1.8	2.1	2.3	2.1	2.2	2.8	2.8	2.8	2.5
Rental Revenues to Equipment Cost	.82	.82	NA	NA	.87	.99	NA	NA	.99	.91	NA	NA
PERCENTS OF GROSS OPERATING PROFIT:												
Salaries & Wages	34.5	33.5	31.7	30.1	35.3	32.8	34.1	32.8	37.0	35.5	35.3	36.3
Employee Benefits	4.8	4.8	4.4	4.2	4.6	4.2	4.3	4.1	5.4	4.2	3.7	4.7
Total	39.3	38.3	36.1	34.3	39.9	37.0	38.4	36.9	42.4	39.7	39.0	41.0
Depreciation (All)	15.4	15.6	15.7	15.6	13.9	14.1	14.1	12.4	11.8	13.3	13.7	9.8
Occupancy Cost	5.6	4.9	4.9	4.6	8.3	8.4	7.0	6.9	9.7	8.3	7.5	5.5
Equipment Maintenance & Repair	7.8	7.6	8.0	8.8	7.6	8.7	7.6	8.6	4.9	5.5	5.1	4.8
Interest	5.7	6.4	5.5	3.7	4.5	4.4	4.2	3.2	3.3	3.5	3.5	2.6
Advertising & Promotion	2.3	2.2	2.0	1.9	3.2	3.1	3.0	2.6	4.3	4.3	3.9	2.6
Insurance	3.1	3.1	3.3	3.3	3.9	4.1	4.5	4.8	2.9	4.2	3.9	4.1
Shop Supplies & Expense	4.3	4.1	4.7	3.1	3.4	5.0	4.1	3.4	2.0	3.4	2.8	3.3
OPERATING PROFIT	4.2	6.1	7.2	14.4	2.9	4.0	5.3	9.9	6.5	5.0	7.9	13.5
NUMBER OF RESPONDENTS	153	148	175	167	195	146	150	174	33	35	32	18

FIGURE V-1. RETURN ON INVESTMENT
IN EACH A.R.A. REGION, 1981 & 1982

Table V-1 contains income and expense data by region, and Table V-2 presents balance sheet information. Key ratios for 1980-1982 for firms in each of the 10 regions are in Table V-3.

REGION 1: Connecticut, Massachusetts, Maine, New Hampshire, New York, Rhode Island, Vermont
REGION 2: Delaware, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia
REGION 3: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee
REGION 4: Arkansas, Louisiana, Oklahoma, Texas
REGION 5: Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
REGION 6: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
REGION 7: Arizona, Colorado, New Mexico, Utah, Wyoming
REGION 8: Alaska, Idaho, Montana, Oregon, Washington
REGION 9: California, Hawaii, Nevada
REGION 10: Canada

TABLE V-1. INCOME AND EXPENSE BY REGION, 1982

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	14,959,127	55.00	18,371,377	67.06	17,812,998	66.59	34,038,806	65.84	23,503,099	58.19
Merchandise & Equipment Sales	10,903,131	40.09	7,413,389	27.06	7,423,389	27.75	12,382,144	23.95	15,595,261	38.61
Other Operating Income	1,334,317	4.91	1,612,005	5.88	1,514,865	5.66	5,277,948	10.21	1,293,912	3.20
Total Operating Income	27,196,575	100.00	27,396,771	100.00	26,751,252	100.00	51,698,898	100.00	40,392,272	100.00
Less Cost of Sales	7,905 645	29.08	6,291,875	22.97	5,396,295	20.17	8,863,776	17.14	11,810,379	29.
Gross Operating Profit	19,286 930	70.92	21,104,896	77.03	21,354,957	79.83	42,835,122	82.86	28,581,893	70.76
OPERATING EXPENSES:										
Salaries & Wages	7,333,388	26.96	7,157,066	26.12	7,234,370	27.04	13,743,164	26.58	10,791,360	26.72
Employee Benefits & Taxes	1,340,767	4.93	964,987	3.52	1,002,427	3.75	1,896,291	3.67	1,355,868	3.36
Equipment Maintenance & Repair	794,926	2.92	1,430,572	5.22	2,009,976	7.51	3,176,165	6.14	1,860,341	4.61
Shop Supplies & Expense	559,272	2.06	680,574	2.48	595,585	2.23	1,474,424	2.85	745,398	1.85
Occupancy Cost	1,374,274	5.05	1,815,705	6.63	1,158,461	4.33	1,962,417	3.80	2,185,702	5.41
Bad Debts Expense	169,195	0.62	296,836	1.08	223,950	0.84	473,739	0.92	239,172	0.59
Office Supplies & Expenses	314,305	1.16	286,085	1.04	282,731	1.06	483,647	0.94	427,816	1.06
Associations & Travel Expense	217,924	0.80	186,180	0.68	143,254	0.54	258,861	0.50	278,172	0.69
Legal & Accounting	229,968	0.85	239,146	0.87	218,197	0.82	350,817	0.68	297,918	0.74
Telephone & Other Communications	253,930	0.93	294,276	1.07	312,724	1.17	349,881	0.68	422,382	1.05
Automobile & Truck Expense	584,331	2.15	405,325	1.48	504,787	1.89	1,205,888	2.33	702,810	1.74
Insurance	737,268	2.71	802,005	2.93	752,273	2.81	1,312,130	2.54	1,054,848	2.61
Advertising & Promotion	542,979	2.00	612,076	2.23	542,728	2.03	937,984	1.81	836,396	2.07
Other Taxes	102,359	0.38	300,233	1.10	352,259	1.32	529,330	1.02	513,265	1.27
Interest	758,039	2.79	1,415,902	5.17	767,545	2.87	2,761,974	5.34	1,193,600	2.96
Franchise Fees	69,170	0.25	75,872	0.28	56,103	0.21	50,216	0.10	39,464	0.10
Depreciation, Non-Rental Equipment	275,588	1.01	434,101	1.58	585,722	2.19	1,194,916	2.31	678,703	1.68
Other Operating Expenses	275,805	1.01	668,309	2.44	423,977	1.58	1,049,418	2.03	582,680	1.44
TOTAL OPERATING EXPENSES	15,933,488	58.59	18,065,250	65.94	17,167,069	64.17	33,211,262	64.24	24,205,895	59.93
Operating Profit Before Rental Depr.	3,353,442	12.33	3,039,646	11.09	4,187,888	15.65	9,623,860	18.62	4,375,998	10.83
Depreciation on Rental Equipment	1,962,612	7.22	2,532,239	9.24	2,926,035	10.94	5,853,384	11.32	3,487,517	8.63
OPERATING PROFIT	1,390,830	5.11	507,407	1.85	1,261,853	4.72	3,770,476	7.29	888,481	2.20
Other Income & Expense (Net)	189,457	0.70	281,415	1.03	170,071	0.64	310,782	0.60	274,240	0.68
NET INCOME BEFORE INCOME TAXES	1,580,287	5.81	788,822	2.88	1,431,924	5.35	4,081,258	7.89	1,162,721	2.88
NUMBER OF RESPONDENTS	42		39		47		39		66	

TABLE V-1. INCOME AND EXPENSE BY REGION, 1982 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Canada 10	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	18,185,339	76.52	17,611,192	77.03	7,251,507	70.62	17,591,050	71.56	17,916,889	57.78
Merchandise & Equipment Sales	4,631,798	19.49	4,176,623	18.27	2,302,493	22.42	5,380,418	21.89	9,125,983	29.43
Other Operating Income	948,092	3.99	1,075,433	4.70	714,729	6.96	1,610,588	6.55	3,968,022	12.80
Total Operating Income	23,765,229	100.00	22,863,248	100.00	10,268,729	100.00	24,582,056	100.00	31,010,894	100.00
Less Cost of Sales	3,176,045	13.36	3,349,806	14.65	1,810,372	17.63	3,612,939	14.70	6,971,036	22.48
Gross Operating Profit	20,589,184	86.64	19,513,442	85.35	8,458,357	82.37	20,969,117	85.30	24,039,858	77.52
OPERATING EXPENSES:										
Salaries & Wages	6,181,189	26.01	7,680,573	33.59	2,720,813	26.50	7,179,711	29.21	9,061,310	29.22
Employee Benefits & Taxes	839,447	3.53	1,325,698	5.80	472,423	4.60	856,147	3.48	739,957	2.39
Equipment Maintenance & Repair	1,995,932	8.40	1,720,863	7.53	495,449	4.82	1,939,115	7.89	1,647,919	5.31
Shop Supplies & Expense	1,214,499	5.11	653,093	2.86	358,652	3.49	718,449	2.92	1,860,488	6.00
Occupancy Cost	1,548,033	6.51	1,129,984	4.94	787,157	7.67	1,243,075	5.06	1,941,633	6.26
Bad Debts Expense	128,167	0.54	167,824	0.73	87,897	0.86	172,609	0.70	396,551	1.28
Office Supplies & Expenses	252,795	1.06	342,213	1.50	152,104	1.48	219,377	0.89	484,275	1.56
Associations & Travel Expense	107,847	0.45	128,044	0.56	76,188	0.74	190,347	0.77	189,123	0.61
Legal & Accounting	298,540	1.26	151,614	0.66	62,034	0.60	335,415	1.36	230,943	0.74
Telephone & Other Communications	249,656	1.05	128,616	0.56	100,441	0.98	199,792	0.81	341,192	1.10
Automobile & Truck Expense	486,016	2.05	375,744	1.64	163,923	1.60	710,512	2.89	801,837	2.59
Insurance	755,788	3.18	570,460	2.50	284,208	2.77	987,558	4.02	217,927	0.70
Advertising & Promotion	643,825	2.71	426,080	1.86	238,440	2.32	495,916	2.02	853,872	2.75
Other Taxes	307,399	1.29	248,371	1.09	152,376	1.48	311,510	1.27	92,330	0.30
Interest	1,124,219	4.73	688,074	3.01	306,805	2.99	1,194,607	4.86	1,555,384	5.02
Franchise Fees	410,462	1.73	18,600	0.08	13,201	0.13	109,633	0.45	1,000	0.00
Depreciation, Non-Rental Equipment	222,126	0.93	336,269	1.47	178,523	1.74	422,993	1.72	419,657	1.35
Other Operating Expenses	893,143	3.76	376,211	1.65	269,634	2.63	1,020,186	4.15	420,204	1.36
TOTAL OPERATING EXPENSES	17,659,083	74.31	16,468,331	72.03	6,920,268	67.39	18,306,952	74.47	21,255,602	68.54
Operating Profit Before Rental Depr.	2,930,101	12.33	3,045,111	13.32	1,538,089	14.98	2,662,165	10.83	2,784,256	8.98
Depreciation on Rental Equipment	2,827,512	11.90	2,481,164	10.85	1,088,379	10.60	3,142,607	12.78	2,342,980	7.56
OPERATING PROFIT	102,589	0.43	563,947	2.47	449,710	4.38	-480,442	-1.95	441,276	1.42
Other Income & Expense (Net)	220,057	0.93	242,241	1.06	178,863	1.74	189,945	0.77	54,726	0.18
NET INCOME BEFORE INCOME TAXES	322,646	1.36	806,188	3.53	628,573	6.12	-290,497	-1.18	496,002	1.60
NUMBER OF RESPONDENTS	43		33		23		24		25	

TABLE V-2. BALANCE SHEETS BY REGION, 1982

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	1,738,707	11.45	1,111,786	5.70	1,247,552	6.74	1,840,876	4.18	1,624,821	6.03
Accounts Receivable (Net)	2,133,392	14.05	2,759,096	14.14	2,152,470	11.63	4,130,082	9.37	3,513,276	13.05
Merchandise Inventories	2,801,707	18.45	2,684,055	13.76	1,782,150	9.63	5,015,628	11.38	4,418,112	16.41
Marketable Securities	239,358	1.58	52,184	0.27	271,009	1.46	613,257	1.39	538,821	2.00
Prepaid Expenses	495,428	3.26	207,019	1.06	288,525	1.56	745,560	1.69	529,699	1.97
Supplies Inventory	76,423	0.50	27,044	0.14	275,178	1.49	148,488	0.34	59,980	0.22
Other Current Assets	99,832	0.66	400,367	2.05	361,711	1.95	401,376	0.91	516,602	1.92
Total Current Assets	7,584,847	49.95	7,241,551	37.11	6,378,595	34.46	12,895,267	29.25	11,201,311	41.60
Rental Equipment—Net Book Value	5,126,292	33.76	9,220,032	47.26	8,115,408	43.84	19,885,834	45.10	9,960,337	36.99
Other Fixed Assets—Net Book Value	2,026,956	13.35	2,155,357	11.05	3,159,122	17.07	9,604,302	21.78	4,811,102	17.87
Total Fixed Assets	7,153,248	47.11	11,375,389	58.30	11,274,530	60.90	29,490,136	66.88	14,771,439	54.86
Other Assets	447,127	2.94	894,272	4.58	858,650	4.64	1,706,281	3.87	953,136	3.54
TOTAL ASSETS	15,185,222	100.00	19,511,212	100.00	18,511,775	100.00	44,091,684	100.00	26,925,886	100.00
CURRENT LIABILITIES:										
Accounts Payable	1,279,977	8.43	1,552,125	7.96	1,283,612	6.93	2,374,683	5.39	1,315,611	4.89
Current Notes Payable	1,672,686	11.02	3,765,556	19.30	2,159,968	11.67	7,302,460	16.56	1,931,063	7.17
Contracts Payable	11,573	0.08	74,740	0.38	91,509	0.49	701,369	1.59	88,124	0.33
Customers' Rental Deposits	47,274	0.31	76,299	0.39	67,134	0.36	200,735	0.46	44,892	0.17
Accrued Expenses	438,840	2.89	350,593	1.80	353,175	1.91	1,002,534	2.27	474,660	1.76
Taxes Payable	127,633	0.84	298,097	1.53	278,908	1.51	340,264	0.77	412,302	1.53
Other Current Liabilities	222,179	1.46	179,453	0.92	114,727	0.62	96,654	0.22	277,144	1.03
Total Current Liabilities	3,800,162	25.03	6,296,863	32.27	4,349,033	23.49	12,018,699	27.26	4,543,796	16.88
Long-Term Debt	3,480,040	22.92	5,323,677	27.29	4,927,111	26.62	12,536,111	28.43	6,327,274	23.50
Other Liabilities	336,989	2.22	110,011	0.56	187,570	1.01	803,445	1.82	1,388,613	5.16
Total Liabilities	7,617,191	50.16	11,730,551	60.12	9,463,714	51.12	25,358,255	57.51	12,259,683	45.53
Net Worth	7,568,031	49.84	7,780,661	39.88	9,048,061	48.88	18,733,429	42.49	14,666,203	54.47
TOTAL LIABILITIES & NET WORTH	15,185,222	100.00	19,511,212	100.00	18,511,775	100.00	44,091,684	100.00	26,925,886	100.00
NUMBER OF RESPONDENTS	42		39		47		39		66	

TABLE V-2. BALANCE SHEETS BY REGION, 1982 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Canada 10	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	424,546	2.49	1,697,946	9.76	887,118	11.97	1,856,626	8.47	327,632	1.70
Accounts Receivable (Net)	1,428,301	8.39	1,655,906	9.52	672,268	9.07	2,651,332	12.10	3,612,683	18.73
Merchandise Inventories	1,104,226	6.48	1,054,828	6.06	754,264	10.18	2,254,141	10.28	3,296,506	17.09
Marketable Securities	81,280	0.48	334,963	1.93	167,191	2.26	13,660	0.06	59,073	0.31
Prepaid Expenses	136,818	0.80	174,233	1.00	68,394	0.92	565,041	2.58	216,582	1.12
Supplies Inventory	58,688	0.34	18,750	0.11	20,059	0.27	67,487	0.31	145,240	0.75
Other Current Assets	836,045	4.91	114,722	0.66	86,377	1.17	351,010	1.60	43,548	0.23
Total Current Assets	4,069,904	23.90	5,051,348	29.04	2,655,671	35.83	7,759,297	35.40	7,701,264	39.93
Rental Equipment—Net Book Value	10,021,492	58.85	8,257,783	47.47	3,466,242	46.76	11,292,434	51.52	6,154,778	31.91
Other Fixed Assets—Net Book Value	1,976,625	11.61	2,846,521	16.36	1,007,185	13.59	1,884,121	8.60	4,584,244	23.77
Total Fixed Assets	11,998,117	70.46	11,104,304	63.84	4,473,427	60.35	13,176,555	60.12	10,739,022	55.68
Other Assets	959,964	5.64	1,238,714	7.12	283,085	3.82	982,121	4.48	845,058	4.38
TOTAL ASSETS	17,027,985	100.00	17,394,366	100.00	7,412,183	100.00	21,917,973	100.00	19,285,344	100.00
CURRENT LIABILITIES:										
Accounts Payable	757,334	4.45	745,960	4.29	448,233	6.05	691,663	3.16	2,029,931	10.53
Current Notes Payable	1,691,236	9.93	1,490,606	8.57	509,671	6.88	1,821,379	8.31	3,238,324	16.79
Contracts Payable	125,743	0.74	113,924	0.65	94,526	1.28	981,308	4.48	4,919	0.03
Customers' Rental Deposits	41,110	0.24	26,988	0.16	17,223	0.23	34,327	0.16	25,671	0.13
Accrued Expenses	549,601	3.23	544,351	3.13	235,613	3.18	407,705	1.86	369,579	1.92
Taxes Payable	137,664	0.81	221,244	1.27	132,153	1.78	260,600	1.19	287,797	1.49
Other Current Liabilities	405,269	2.38	43	0.00	67,980	0.92	393,139	1.79	1,126,056	5.84
Total Current Liabilities	3,707,957	21.78	3,143,116	18.07	1,505,399	20.31	4,590,121	20.94	7,082,277	36.72
Long-Term Debt	4,650,862	27.31	3,548,437	20.40	1,800,567	24.29	7,137,185	32.56	5,305,791	27.51
Other Liabilities	555,186	3.26	408,327	2.35	165,308	2.23	29,004	0.13	803,709	4.17
Total Liabilities	8,914,005	52.35	7,099,880	40.82	3,471,274	46.83	11,756,310	53.64	13,191,777	68.40
Net Worth	8,113,980	47.65	10,294,486	59.18	3,940,909	53.17	10,161,663	46.36	6,093,567	31.60
TOTAL LIABILITIES & NET WORTH	17,027,985	100.00	17,394,366	100.00	7,412,183	100.00	21,917,973	100.00	19,285,344	100.00
NUMBER OF RESPONDENTS	43		33		23		24		25	

TABLE V-3. FINANCIAL RATIOS BY REGION, 1980-1982

	Northeast 1			Eastern 2			Southeast 3			Southwest 4			Great Lakes 5		
Financial Ratio	1982	1981	1980	1982	1981	1980	1982	1981	1980	1982	1981	1980	1982	1981	1980
Current Ratio	2.00	1.85	1.65	1.15	1.24	1.32	1.47	1.69	1.31	1.07	1.23	1.81	2.47	1.57	1.25
Acid Test Ratio	1.08	1.20	.88	.62	.54	.52	.84	.96	.81	.55	84	1.30	1.25	.77	.57
Return on Investment	20.9%	25.3%	26.1%	10.1%	1.4%	19.0%	15.8%	20.1%	22.9%	21.8%	25.6%	27.3%	7.9%	7.0%	6.0%
Return on Total Assets	10.4%	10.4%	11.5%	4.0%	0.4%	6.4%	7.7%	11.9%	10.6%	9.3%	11.7%	16.4%	4.3%	3.1%	2.0%
Return on Revenues	5.8%	5.9%	7.2%	2.9%	0.3%	4.5%	5.4%	8.1%	7.4%	7.9%	8.6%	13.0%	2.9%	2.2%	1.2%
Average Collection Period (Days)	29	31	30	37	28	31	29	32	35	29	35	31	32	30	22
Profits on Rental Investment	30.8%	25.2%	24.3%	8.6%	0.9%	15.4%	17.6%	26.9%	21.1%	20.5%	22.7%	30.2%	11.7%	8.1%	6.1%
Total Revenues to Rental Investment	5.3	4.2	3.4	3.0	3.1	3 4	3.3	3.3	2.9	2.6	2.6	2.3	4.1	3.7	5.1
Rental Revenues to Rental Investment	2.9	2.9	2.5	2.0	1.9	2.1	2.2	1.9	1.8	1.7	1.6	1.7	2.4	2.1	2.1
Rental Revenues to Equipment Cost	I.04	1.07	NA	.73	.75	NA	.83	.88	NA	.83	.81	NA	.92	.89	NA
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	38.0	37.0	36.6	33.9	34.5	34.0	33.9	33.8	30.6	32.1	31.2	29.2	37.8	35.9	36.4
Employee Benefits	7.0	6.3	5.7	4.6	4.4	4.5	4.7	5.7	4.4	4.4	4.3	4.1	4.7	5.1	4.6
Total	45.0	43.3	42.3	38.5	38.9	38.5	38.6	39.5	35.0	36.5	35.5	33.3	42.5	41.0	41.0
Depreciation (All)	11.6	11.3	11.8	14.1	15.8	14.4	16.4	16.2	16.1	16.5	16.6	17.1	14.6	14.4	16.1
Occupancy Cost	7.1	8.0	6.1	8.6	7.7	6.7	5.4	4.4	4.9	4.6	4.2	3.7	7.6	7.5	6.6
Equipment Maintenance & Repair	4.1	4.7	5.8	6.8	6.2	5.5	9.4	8.1	8.6	7.4	6.6	6.9	6.5	7.0	4.8
Interest	3.9	3.9	3.6	6.7	8.1	6.2	3.6	3.3	3.8	6.4	5.8	3.0	4.2	5.4	6.5
Advertising & Promotion	2.8	3.4	2.5	2.9	3.4	3.2	2.5	2.2	2.3	2.2	2.3	2.3	2.9	3.4	3.0
Insurance	3.8	4.0	5.2	3.8	4.1	3.9	3.5	3.7	4.4	3.1	3.7	3.6	3.7	4.2	3.8
Shop Supplies & Expense	2.9	4.6	3.1	3.2	4.3	3.4	2.8	2.1	3.1	3.4	5.7	8.2	2.6	3.3	3.0
OPERATING PROFIT	7.2	7.1	8.3	2.4	Loss	5.6	5.9	9.4	8.6	8.8	9.5	12.7	3.1	1.7	1.5
NUMBER OF RESPONDENTS	42	28	25	39	36	34	47	36	40	39	42	43	66	54	63

TABLE V-3. FINANCIAL RATIOS BY REGION, 1980-1982 (Continued)

	Midwest 6			Rocky Mountain 7			Northwest 8			Pacific 9			Canada 10		
Financial Ratio	1982	1981	1980	1982	1981	1980	1982	1981	1980	1982	1981	1980	1982	1981	1980
Current Ratio	1.10	1.74	1.00	1.61	1.85	1.26	1.76	1.61	1.33	1.69	1.07	1.09	1.09	.89	1.03
Acid Test Ratio	.52	.78	.67	1.17	1.37	94	1.15	.98	.67	.99	.72	.76	.56	.53	.57
Return on Investment	4.0%	14.9%	11.3%	7.8%	8.9%	18.8%	15.9%	19.5%	16.1%	Loss	9.8%	24.2%	8.1%	46.0%	21.8%
Return on Total Assets	1.9%	7.9%	4.5%	4.6%	5.9%	10.8%	8.5%	8.3%	6.9%	Loss	4.0%	10.4%	2.6%	8.6%	3.8%
Return on Revenues	1.4%	5.9%	4.2%	3.5%	5.2%	8.9%	6.1%	5.1%	5.9%	Loss	2.9%	7.6%	1.6%	5.9%	2.9%
Average Collection Period (Days)	22	20	37	26	36	27	24	30	36	39	39	31	43	56	62
Profits on Rental Investment	3.2%	15.0%	7.0%	9.8%	12.9%	21.7%	18.1%	19.8%	15.1%	Loss	7.7%	18.9%	8.1%	23.9%	12.4%
Total Revenues to Rental Investment	2.4	2.6	1.7	2.8	2.5	2.5	3.0	3.9	2.6	2.2	2.7	2.5	5.0	4.1	4.3
Rental Revenues to Rental Investment	1.8	1.8	1.2	2.1	1.9	1.9	2.1	2.1	1.7	1.6	2.1	2.1	2.9	2.3	2.3
Rental Revenues to Equipment Cost	.87	.86	NA	.82	.79	NA	.83	.92	NA	.64	.95	NA	1.17	1.04	NA
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	30.0	31.1	30.9	39.4	37.9	35.3	32.2	32.6	33.1	34.2	29.0	30.1	37.7	35.8	32.2
Employee Benefits	4.1	3.6	3.6	6.8	7.0	5.5	5.6	4.9	4.8	4.1	4.1	4.3	3.1	2.9	2.7
Total	34.1	34.7	34.5	46.2	44.9	40.8	37.8	37.5	37.9	38.3	33.1	34.4	40.8	38.7	34.9
Depreciation (All)	14.8	14.7	16.8	14.4	15.1	14.4	15.0	13.9	14.9	17.0	16.5	14.6	11.5	12.6	13.8
Occupancy Cost	7.5	6.6	5.5	5.8	4.9	5.1	9.3	6.8	5.5	5.9	7.8	5.9	8.1	4.7	5.4
Equipment Maintenance & Repair	9.7	8.7	8.4	8.8	8.7	9.3	5.9	6.5	10.8	9.2	11.4	10.4	6.9	9.3	6.6
Interest	5.5	4.8	7.7	3.5	3.2	4.0	3.6	4.2	3.2	5.7	6.3	4.4	6.5	8.1	7.3
Advertising & Promotion	3.1	3.1	3.1	2.2	1.7	1.5	2.8	3.0	1.4	2.4	2.0	1.9	3.6	1.6	2.5
Insurance	3.7	4.2	4.4	2.9	3.4	3.1	3.4	3.3	3.0	4.7	2.9	4.3	0.9	1.1	1.3
Shop Supplies & Expense	5.9	3.9	2.7	3.3	3.0	3.0	4.2	3.3	3.4	3.4	5.9	6.5	7.7	4.7	4.1
OPERATING PROFIT	0.5	6.1	5.1	2.9	4.9	9.2	5.3	6.6	6.8	Loss	2.7	8.5	1.8	7.1	3.5
NUMBER OF RESPONDENTS	43	40	45	33	19	29	23	27	25	24	21	28	25	26	25

COST: $10.00

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